UNIVERSITY
OF
CALIFORNIA

Medical Centers Report

2023–24

University of California's health system is committed to protecting and improving the health of all people across California, serving as a model for the nation and the world. As one of the nation's largest public academic health systems, we deliver exceptional care, train the health professionals of tomorrow and accelerate the pace of scientific discovery — always keeping health access and equity in mind.

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University of California
Medical Centers Annual Financial Report 2023–24


ATTENDING
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Letter from the Executive Vice President

As we reflect on the 2023–2024 financial year, I am pleased to share with you this annual report on behalf of UC's academic medical centers. Our medical centers are the engines of a broad set of health care services and programs that extend well beyond our hospital walls in regions across the state. While these financial reports focus on medical center performance, it is vital to note that each clinical campus has evolved from a standalone medical center to an integrated health system providing access to a comprehensive array of services. Each are self-sustaining enterprises, whose revenue must be sufficient to support their own operations as well as fund the broader University missions of research, education, and clinical excellence, alongside a strong commitment to the communities in which they reside. This includes subsidizing care for vulnerable populations and the underinsured, advancing health equity and behavioral health initiatives, addressing the growing community demand for care, training the next generation of clinicians at our world-class medical schools and other health science schools, and funding the construction and maintenance of facilities to serve the diverse needs of our patients.

We are pleased that this year was one of transformation as each medical center cemented and furthered its role as an essential part of California's health care safety net. Each location has worked to increase capacity in very competitive health care markets, while optimizing their community footprints and prioritizing patient-centered improvements for complex and coordinated care.

We remain cognizant that many Californians continue to face difficulties accessing care due to limited capacity statewide, including at UC academic medical centers. Over the last five years, visits to our outpatient facilities have grown by 41 percent, surpassing 10.7 million annual visits this year, and annual inpatient discharges have increased by 13 percent, exceeding 190,000 discharges this year, including the growth seen through recent acquisitions of facilities throughout the state. With these acquisitions, the medical centers are linking community care professionals and facilities with the advanced resources of academic medicine. This is positioning the UC medical centers to expand access and offer more seamless care plans that address our patients' basic, chronic and complex health needs closer to home.

Amidst all this change — and facing such headwinds as inflation, reimbursement challenges and rising costs of labor, supplies, pharmaceuticals and capital equipment — the overall financial performance of the medical centers has remained stable. The resilience of the medical centers is a testament to the commitment to continuous performance improvement, the focus on core mission, the exceptional quality of care our teams provide and the professionalism and dedication of our faculty, staff, and trainees. We seek to earn the trust of our patients and communities every day. Ultimately, our financial stewardship will provide us with the flexibility to explore further development opportunities across other areas of the state, ensuring that high-quality care is accessible to more Californians in all regions where our campuses are located.

By choosing UC medical centers for care in strong numbers again this year, Californians are showing us that they value our quality and commitment to our mission and would like to see more of what we offer. And we are responding. Through increasing investments in education, research and public service, we are confirming that we have received their message clearly. We look forward to continuing to deliver on our mission in the years ahead.

Fiat lux,

David Rubin, M.D., MSCE
Executive Vice President
UC Health, University of California

UNIVERSITY OF CALIFORNIA HEALTH

The University of California, Davis Medical Center

UC Davis Medical Center is the inpatient teaching site for the UC Davis School of Medicine and the Betty Irene Moore School of Nursing at UC Davis, and the clinical core of the UC Davis Health system.

The acute care hospital has more than 640 beds and provides a full range of inpatient acute and intensive care, along with a full complement of ancillary, support and ambulatory services. Many services are located on approximately 144 acres in the city of Sacramento. Ambulatory care is provided at hospital-based and community clinics in Sacramento and the surrounding communities of Auburn, Carmichael, Davis, Elk Grove, Folsom, Natomas, Rancho Cordova, Rocklin and Roseville.

UC Davis Medical Center serves as the major tertiary and quaternary care hospital for a 33-county area more than 350 miles wide and 400 miles long, with a population of more than 6 million. It is the only provider of most tertiary/quaternary services between San Francisco and Portland, including level I adult and pediatric trauma care. It is also home to the region's only nationally ranked comprehensive children's hospital and a National Cancer Institute-designated comprehensive cancer center.

UC Davis Health leads multiple cooperative programs with regional providers to increase care access and quality in both urban and rural settings. For example, the UC Davis Cancer Care Network is comprised of community-based cancer centers around Northern California. Nationally recognized clinical telemedicine and rural affiliation programs are also paired with locally delivered care through partners such as regional community hospitals and Federally Qualified Health Centers (FQHCs).

Significant events during the year are highlighted below:

UC Davis Health continues to maintain an outstanding local and national reputation for care delivery

- The UC Davis Medical Center is the top-ranking hospital in the Sacramento metropolitan area and among the top 10 in California, according to the U.S. News & World Report "Best Hospitals" 2024–25 survey.
- *U.S. News* also ranked UC Davis Medical Center one of the nation's best for 2024–25 in multiple adult specialties, including cancer care, cardiology, heart & vascular surgery, diabetes & endocrinology, ENT, geriatrics, neurology & neurosurgery, orthopedics, and pulmonology & lung surgery. It also ranked as high performing in the gastroenterology & GI surgery specialty.
- In 2024–25 U.S. News ratings for adult procedures and conditions, UC Davis Medical Center ranked as high performing in chronic obstructive pulmonary disease (COPD), colon cancer surgery, gynecological cancer surgery, heart attack, heart failure, hip fracture, kidney failure (acute), leukemia, lymphoma and myeloma, lung cancer surgery, pneumonia, prostate cancer surgery, spinal fusion, stroke, and transcatheter aortic valve replacement (TAVR).
- *U.S. News* ranked the UC Davis Children's Hospital among the nation's best for 2023–24 in diabetes & endocrinology, nephrology and — together with Shriners Children's Northern California — orthopedics.

- The UC Davis School of Medicine ranked No. 4 in America for diversity, in the Tier 1 category for primary care, and Tier 2 for research in U.S. News 2024 graduate school rankings. The Betty Irene Moore School of Nursing at UC Davis ranked No. 24 (tie) among best graduate schools for master's degree nursing programs for 2024, and the Master of Health Services — Physician Assistant Studies Degree Program most recently ranked 40th (tie).

Regional outreach, strategic initiatives and major capital projects

UC Davis Health continues to enhance its ability to provide the right care, at the right time, in the right place to support both our academic and social missions through our operational and financial performance.

We continue to partner with remote regional providers to ensure greater access to our tertiary and quaternary services, as well as to provide care through telemedicine at local hospitals closer to patients' homes. We have increased partnerships with FQHCs as convenient destinations for transportation-challenged populations who utilize wrap-around social services. We have also worked to increase access by providing more care at non-UC Davis hospitals through affiliations and contractual agreements that increase local care quality and expertise in Northern California's rural areas.

Planning and construction for several major capital projects continue on the medical center's Sacramento campus and at satellite locations, with two major projects currently slated to open in 2025:

- A large new outpatient surgery center on the Sacramento medical center campus is slated to open to patients in 2025. The 48X Complex will include more than a dozen operating rooms plus recovery spaces, ancillary services and specialty clinics, and is intended to ease OR crowding, reduce wait times and expand services.
- UC Davis Health purchased a 34.5-acre parcel in suburban Folsom for an expansion of health services in the fast-growing city, with new medical facilities and high-tech housing. An outpatient medical office building is initially slated to open in 2025; future expansion plans include other possible health care facilities at the site, which will be known as the Folsom Center for Health.
- Construction activities continue for the new California Tower, a replacement for areas of UC Davis Medical Center slated to close due to seismic laws. The new 14-story tower and five-story pavilion will add approximately one million square feet of additional space, with operating rooms and approximately 350 single-patient rooms to help replace others being taken out of service.
- UC Davis Health welcomed patients to the new Ernest E. Tschannen Eye Institute Building, which increases the UC Davis Eye Center's capacity for care and clinical trials.
- UC Davis Health announced the purchase of 20 acres in suburban Elk Grove for additional primary and specialty care.

Patient-centered focus on digital transformation

UC Davis Health also continued to launch and grow initiatives and partnerships designed to improve care and care access via technology, such as remote monitoring and artificial intelligence (AI). Simultaneously, the health system is playing major roles in national collaboratives that seek ethical, equitable adoption of technologies like AI. Some examples:

- UC Davis Health adopted a new technology platform, Viz.ai, that utilizes image-based AI to analyze CT scans and help quickly identify and prioritize patients suspected of stroke.
- UC Davis Health along with other UC Health systems launched VALID AI, a member-led collective of health systems, health plans, nonprofits, coalitions, and technology and research partners to help facilitate and accelerate responsible generative AI in health care. One of VALID AI's first actions was to issue a call to action across the industry to make equity considerations a structural part of AI adoption.
- UC Davis Health launched a new program that monitors patients with high blood pressure at home, working with Best Buy Health's care-at-home platform Current Health.


UC DAVIS
HEALTH


UCI Health
Chao Family
Comprehensive
Cancer Center
19208
Ambulatory
UCI

The University of California, Irvine Medical Center

UCI Health is the academic health enterprise of the University of California, Irvine. The leading provider of complex care in a region of four million people, UCI Health is the only academic health system in Orange County and among the largest in California.

UCI Medical Center in Orange is the flagship academic medical center of the UCI Health system and is the primary teaching facility for the UC Irvine School of Medicine. Established in 1976, the 459-bed medical center soon expanded with the addition of the University Hospital Tower, the Chao Family Comprehensive Cancer Center and the Chao Digestive Health Institute. In 2009, UCI Health Douglas Hospital became the main inpatient facility, designed to anticipate the needs of a world-class 21st century teaching hospital and deliver an exceptional patient experience.

UCI Medical Center is Orange County's only combined Level I Trauma Center and Level II Pediatric Trauma Center verified by the American College of Surgeons, combined high-risk obstetrics and regional neonatal programs and the American Burn Association-verified regional burn center. It also is home to the only National Cancer Institute-designated comprehensive cancer center based in Orange County, providing access to leading-edge clinical care and trials not available elsewhere in the area.

UCI Health provides inpatient and outpatient services through a clinical practice group of more than 400 faculty physicians and surgeons. Primary care and specialty outpatient services are offered at many locations throughout the region. UCI Health also operates two federally qualified health centers (FQHCs) in Santa Ana and Anaheim to meet the needs of Orange County's underserved populations.

Significant events during the year are highlighted below:

Acquisition

In March 2024, UCI Health completed its acquisition of Tenet Healthcare Corporation's former Pacific Coast Network of community hospitals and associated ambulatory facilities in Los Angeles and Orange counties. This transformational acquisition adds 858 inpatient beds that, when paired with the 459 licensed beds at UCI Medical Center, strengthens the system's ability to meet the continually increasing demand for inpatient beds for a range of intensive and critical care needs.

This expansion reflects the unique and critical role UCI Health plays in the region and builds on its commitment to improve health in communities by improving unrestricted health care access for more people in Southern California.

The acquisition establishes the UCI Health Community Network with the following inpatient hospitals and associated ambulatory sites:

- UCI Health — Fountain Valley
- UCI Health — Lakewood
- UCI Health — Los Alamitos
- UCI Health — Placentia Linda

Local and national recognitions

- Vizient recognized UCI Health as a Top Performer in the 2023 Ambulatory Quality and Accountability Ranking and as one of the nation's top 10 academic medical centers for high-quality care.
- The Leapfrog Group recognized UCI Medical Center with its prestigious Top Hospital Award. Only 132 hospitals nationally received this recognition, which showcases the UCI Health commitment to providing the safest, highest quality health care to patients.
- Received an 'A' in the spring 2024 Leapfrog Hospital Safety Grade report.
- UCI Health awarded its fifth Magnet Recognition from the American Nurses Credentialing Center.
- UCI Health was recognized as a national leader in environmental sustainability by Practice Greenhealth, earning two Circle of Excellence Awards and the Greenhealth Emerald Award for a second time, and honored for the first time with a Greening the OR Award Recognition.
- UCI Medical Center received the Age-Friendly Health System — Committed to Care Excellence award, the highest designation bestowed by the Institute for Healthcare Improvement (IHI) in partnership with the John A. Hartford Foundation, the American Hospital Association and the Catholic Health Association of the United States.
- The UCI Health Hematopoietic Stem Cell Transplantation and Cellular Therapy Program treated its 200th patient with this critically important therapy. Launched in 2020, it is the only transplant program for adults with blood-borne malignancies, solid tumors and, increasingly, autoimmune disease seeking treatment in Orange County.
- The medical intensive care unit at UCI Medical Center earned the gold-level Beacon Award for Excellence from the American Association of Critical-Care Nurses.

UCI Health expansion

UCI Health — Irvine, a new medical campus emerging at the north end of the UC Irvine campus, brings unparalleled expertise and the finest evidence-based care that only an academic medical system can offer to the communities of coastal and south Orange County.

The new 1.2 million-square-foot campus will be the nation's first all-electric powered medical center and will offer key clinical programs in oncology, digestive health, neurology, neurosurgery, orthopedics and spine surgery.

- In April 2024, UCI Health opened the Joe C. Wen & Family UCI Health Center for Advanced Care, a five-story, 168,000-square-foot medical facility offering the full range of multidisciplinary specialty care for children and adults under a single roof, urgent care services, and the UCI Health Center for Autism & Neurodevelopmental Disorders.
- In June 2024, UCI Health opened the Chao Family Comprehensive Cancer Center and Ambulatory Care building, a five-story, 225,000-square-foot tower with 36 private exam rooms, numerous infusion bays and operating rooms.
- A seven-story, 350,000-square-foot, acute care hospital with 144 inpatient beds, 10 operating suites and a 24-hour emergency department with 20 treatment rooms will be opening in late 2025.

UCI Health Rehabilitation Hospital, a collaboration with Lifepoint Rehabilitation, Inc., broke ground on a standalone 52-bed specialized hospital in February 2024.

- The 68,000-square-foot, two-story facility will feature a specialized acquired brain injury unit, a dialysis suite, an imaging suite for onsite radiology, multidisciplinary therapy gymnasiums outfitted with the latest therapeutic technologies, outdoor courtyards and other spaces designed to help patients return to activities of daily living.
- The facility will be structurally designed in all units for the needs of patients receiving acute inpatient rehabilitation care for stroke, traumatic brain and spinal cord injuries, amputation and other injuries and disorders.
- The UCI Health Rehabilitation Hospital will more than triple the inpatient rehabilitation capacity currently available across the health system and will open in late 2025.


UHealth
Division of Surgical Oncology


ONALD REAGAN UCLA MEDICAL CENTER

The University of California, Los Angeles Medical Center

UCLA Health generates essential revenue to support growing community health care demands, train medical professionals, advance medical research, provide care for underserved patients, and maintain facilities crucial for the success of the UCLA Health System and the David Geffen School of Medicine at UCLA (DGSOM) and its various missions.

The UCLA Health System includes five hospitals and over 280 community clinics. The Westwood campus hosts the 446-bed Ronald Reagan UCLA Medical Center (RRUCLA), including UCLA Mattel Children's Hospital (UMCH) and the 74-bed Resnick Neuropsychiatric Hospital (RNPH). The UCLA Santa Monica Medical Center (UCLASM) has 281 beds, and the UCLA West Valley Medical Center (UCLAWV) has 260 beds. Additionally, the UCLA Tiverton House provides accommodations for patients and families.

UCLA Health operates primary and specialty care clinics across Southern California, including new locations on the Central Coast. Last year, these clinics saw over 2.9 million patient visits, reflecting strong demand for health care services.

UCLA Health is the primary teaching site for the DGSOM, offering comprehensive care at the Westwood campus, including tertiary and quaternary services, Level I trauma care, neonatal and pediatric intensive care units, neurosurgery, a comprehensive stroke center, cancer care, and organ transplantation. UCLASM supports teaching, research, and community health care needs. RNPH is a leading center for inpatient psychiatric care and research on behavioral and developmental disabilities, while UCLAWV serves as a community hospital with a comprehensive burn center, addressing health care needs in Southern California.

Significant events during the year are highlighted below:

Maintains outstanding national reputation

- UCLA Health ranked #1 in Los Angeles and California* by *U.S. News & World Report*, maintaining a spot on the national honor roll of Best Hospitals for 35 consecutive years, with 12 specialties ranked in the top 10 in the nation this year. (*Tied for #1 ranking)
- UCLA Mattel Children's Hospital was recognized among the Best Children's Hospitals in the nation by *U.S. News & World Report* for 2023–24, with nine top-ranked specialties in the nation.
- UCLASM and RRUCLA were named among the World's Best Hospitals in 2024 by *Newsweek*, with RRUCLA ranked No. 12.
- UCLA Health featured in *Forbes'* America's Best Large Employers 2024 list, including Best Employers for Diversity and Best Employers for New Grads.
- RRUCLA, UCLASM, and RNPH hold the American Nurses Credentialing Center (ANCC) Magnet® designation, the highest recognition for nursing excellence in the U.S. Additionally, RRUCLA and UCLASM hold seven American Association of Critical–Care Nurses (AACN) Beacon Awards for Excellence and two Emergency Nurses Association (ENA) Lantern Awards.
- RRUCLA and UCLASM received the 2024 Practice Greenhealth Environmental Excellence Awards for sustainability and environmental stewardship.

- UCLA Health Nursing received its second ANCC Practice Transition Accreditation Program® (PTAP) redesignation with distinction, the highest recognition for transitioning newly licensed nurses into practice. ANCC also awarded UCLA Health the Provider with Distinction designation for nursing continuing education and its first Continuing Professional Development (NCPD) Premier Award.

Continues strengthening strategic activities and community initiatives

- Expanded advisory practices to include clinical research and best practices in Asia and Oceania, continuing hospital affiliation consulting in the Middle East.
- Achieved accreditation by the Commission on Cancer as an Integrated Network Cancer Program, the first center to receive this accreditation as a Network.
- Cancer Services launched an outpatient program for adult patients with hemoglobinopathy (sickle cell disease), preventing 120 hospital admissions.
- The Theranostics Center opened, offering state-of-the-art Pluvicto treatment for men with advanced prostate cancer.
- Hosted the annual Healthcare Anchor Network Conference on campus in October 2023, reinforcing UCLA Health's commitment to health equity in local communities.
- Provided clinical services and support at over 30 events in Los Angeles, including a community family care village with exams and screenings at three major events attended by over 15,000 people.
- Collaborated with organizations like the American Red Cross and YMCA, forming new partnerships with LA Care and Taste of Soul.
- Supported initiatives such as LA Pride, the Heart Walk, Light the Night Walk, and Relay for Life events.
- Increased support for local Pride initiatives, with a presence at four new community events, including West Hollywood Pride, and the debut of a special edition jersey patch with the Los Angeles Sparks.
- Launched a new partnership as the Official Medical Partner of USA Basketball.

Advancing health justice through strategic efforts

At UCLA Health, we are committed to achieving optimal health and well-being for our staff, patients and community, upholding principles of equity and justice.

Our Health Equity, Diversity, and Inclusion (HEDI) efforts focus on three main objectives:

- Building new structures and practices to promote anti-racism, inclusive excellence and equity.
- Improving the clinical outcomes and experience of our patients through accessibility, cultural humility and affirming care.
- Investing in our community through partnership, education, service and advocacy.

UCLA Health's FY 2024 progress in advancing health equity and justice includes:

- Facilitating organization-wide Inclusive Leadership training for professional development related to inclusive organizational culture, care and team development.
- Establishing the Equitable Care Committee to oversee the health care equity strategy.
- Continuing progress on the four health care equity priorities and initiating improvement plans in areas of: patient experience, readmissions, psychiatric restraint use and maternal morbidity.
- Achieving over 27,000 patient encounters through the Homeless Healthcare Collaborative, helping people with diabetes improve control from 53.3 percent to 66.7 percent, and improving blood pressure control for patients with hypertension from 31.3 percent to 47.2 percent.
- Becoming the first hospital system in the western US and California to receive the Joint Commission Health Equity Certification, demonstrating the highest standards of clinical care and equity.
- Facilitating the Anchor Institution Mission (AIM), sponsoring community events, providing free clinical services across the region and celebrating the diverse cultures in the region as a continued effort to address inequities that prevent positive health outcomes.

Planning for future growth

UCLA Health is transforming a former community medical center into a world-class neuropsychiatric hospital in the Mid-Wilshire neighborhood, about six miles east of the university's Los Angeles campus in Westwood. The facility will offer comprehensive behavioral health care services for adult, geriatric, pediatric and adolescent patients, as well as a dedicated area for crisis stabilization services.

The new UCLA behavioral health hospital is scheduled for completion and occupancy in 2026.

UCLA Health acquired the 260-bed West Hills Hospital and Medical Center, renaming it UCLA West Valley Medical Center effective March 29, 2024.

The transaction will address hospital inpatient capacity needs, enabling UCLA Health to provide world-class care to more patients across the region.

UCLA Health is developing a comprehensive, long-term plan to upgrade the UCLA West Valley Medical Center property and optimize use of the additional capacity. The types of medical services offered at the medical center will remain unchanged while the strategic plan for expanded access is prepared.


UC San Diego Health

The University of California, San Diego Medical Center

UC San Diego Health, the region's only academic medical system, is nationally ranked and recognized for groundbreaking research, inspired education and the commitment to providing the highest quality of care to the San Diego community. The 1,101-bed health system includes two academic medical centers — UC San Diego Medical Center in Hillcrest and Jacobs Medical Center in La Jolla — and one community medical center — East Campus Medical Center in eastern San Diego. The academic medical complexes support acute inpatient care, emergency services and a spectrum of advanced specialty outpatient programs. The community medical complex supports acute inpatient care, emergency services and select outpatient surgeries and services. The health system also includes primary care and same-day services at clinics throughout Southern California.

UC San Diego Medical Center in Hillcrest (381 beds) is a clinical teaching site for the UC San Diego School of Medicine and is a focal point for community service missions. It is home to the area's only Regional Burn Center, one of only two adult Level 1 Trauma Centers in San Diego County, the state's only chronic kidney disease program certified by the Joint Commission and an accredited geriatric emergency department. Its Stroke Center is widely recognized for excellence in patient care and was one of the first five certified Comprehensive Stroke Centers in the nation. The campus also includes the Owen Clinic, which is the largest most comprehensive primary care center in San Diego for individuals living with HIV and is among the nation's top HIV care programs for adults and children. Psychiatric services are also offered in Hillcrest, including adult inpatient psychiatric care, intensive outpatient psychiatric care for seniors and a first-episode psychosis program for teens and young adults.

The La Jolla campus (418 beds), located on the eastern portion of the UC San Diego campus, has experienced substantial growth in the last decade. Its major facilities include:

- Jacobs Medical Center (364 beds), a state-of-the-art hospital with advanced surgery, oncology, comprehensive stroke care and high-risk obstetrics and gynecology. It is also home to the region's highest-volume Blood and Bone Marrow Transplant unit, a level III Neonatal Intensive Care Unit and an intraoperative imaging suite for complex brain surgeries. Its ER is California's first accredited geriatric emergency department and holds the highest Level 1 gold accreditation.
- Moores Cancer Center, the region's only National Cancer Institute-designated Comprehensive Cancer Center, the highest rating possible for a U.S. cancer center.
- Shiley Eye Institute, a multi-specialty vision center that includes an outpatient surgical center, a glaucoma center, a retina research center, and the region's only facility dedicated to children.
- Sulpizio Cardiovascular Center (54 beds), the inpatient facility for our renowned Cardiovascular Institute.
- Koman Family Outpatient Pavilion, a four-story building that features eight operating rooms for surgeries that once required hospital stays, as well as specialty services in orthopedics and sports medicine, breast oncology and imaging, and urology, among others.
- Altman Clinical and Translational Research Institute, which supports most clinical trials at UC San Diego Health.

The East Campus Medical Center (302 beds), located in the eastern section of the City of San Diego near La Mesa and El Cajon, is the health system's first community hospital. Purchased in December of 2023, the medical complex provides an emergency department, outpatient operating rooms, catheterization labs, endoscopy suites, critical care, behavioral health services and rehabilitation. The acquisition marks a significant milestone in

UC San Diego Health's plans to broaden, align and expand health care services to better serve the needs of the region. The newly refreshed medical center now serves communities in eastern San Diego with world-class patient care, close to home.

Excellence in Clinical Care and Community Health

UC San Diego Health is proud to deliver expert care to every patient, while addressing issues of health equity in the community.

- **Best Hospital in San Diego** — UC San Diego Health has been ranked the No. 1 hospital system in San Diego for five consecutive years by *U.S. News and World Report*.
- **National Honor Roll** — UC San Diego Health has also earned its place among the nation's top 20 hospitals, recognized two years in a row by *U.S. News & World Report's* Best Hospitals National Honor Roll for outstanding quality of patient care.
- **More Top Ranked Specialties** — Ranked among the nation's best in 11 adult medical and surgical specialties for 2024–2025 by *U.S. News and World Report* — more than any hospital system in San Diego:
  - (10) Pulmonology & Lung Surgery
  - (12) Obstetrics & Gynecology
  - (19) Geriatrics
  - (22) Neurology & Neurosurgery
  - (26) Gastroenterology & GI Surgery
  - (27) Heart & Vascular Surgery
  - (34) Diabetes & Endocrinology
  - (40) Ear, Nose & Throat
  - (42) Cancer
  - (43) Urology
  - (44) Orthopedics
- **Among the Nation's Top Academic Medical Centers for Patient Care** — For the fifth straight year, UC San Diego was named a top performer in the Bernard A. Birnbaum, MD, Quality Leadership Annual Ranking by Vizient. The 2022 recognition reflects the superior quality of its patient care areas.
- **"A's" for Hospital Safety** — UC San Diego Health's hospitals in La Jolla and Hillcrest earned top marks from The Leapfrog Group in the spring of 2024 for keeping patients safe from preventable harm and medical errors.
- **5-Star CMS Rating** — In 2023, UC San Diego Health received a five-star rating from the Centers for Medicare & Medicaid Services for the quality of its hospital care to Medicare Advantage patients. Only approximately 16 percent of hospitals earned this highest rating.
- **Nursing Excellence** — UC San Diego Health maintains Magnet status from the American Nurses Credentialing Center, considered among the highest recognitions for nursing excellence and innovation in nursing practice.
- **Outstanding Stroke Care** — UC San Diego Health earned the 2023 American Heart Association's / American Stroke Association's Get With The Guidelines – Stroke Gold Plus Quality Achievement Award and is listed on its honor rolls for Stroke Elite Plus, Advanced Therapy and Type 2 Diabetes.
- **Excellence in Maternity Care** — Ranked among the top 25 in the nation by *U.S. News & World Report* for 2024–2025 and recognized as a 2023–2024 High Performing Hospital for Maternity Care, which is the highest award a hospital can earn from *U.S. News & World Report* for obstetric and infant care.
- **Information Technology to Enhance Patient Care and Comfort** — UC San Diego Health was named a Level 9 "most wired" hospital in both the acute and ambulatory categories by the College of Healthcare Information Management Executives (CHIME).
- **LGBTQ Leader** — UC San Diego Medical Center in Hillcrest garnered the "LGTBQ+ Healthcare Equality High Performer" designation from the Human Rights Campaign Foundation.
- **Environmental Sustainability Leader** — UC San Diego Health received a Greenhealth Emerald Award, Greening the Operating Room Recognition Award, and Circle of Excellence awards for green building, food, leadership, sustainable procurement and transportation.

Redevelopment of Hillcrest Hospital Campus

The $3 billion UC San Diego Hillcrest Redevelopment Project will transform 62 acres through multiple phases, which includes a new hospital and additional community resources and educational opportunities.

Phase one includes a 1,850-space parking structure and a new 250,000 square-foot outpatient pavilion with specialty clinical programs including oncology, neurosurgery, urology, otolaryngology and orthopedics, as well as ambulatory surgery operating rooms, gastroenterology procedure rooms, advanced imaging, infusion and radiation oncology.

The outpatient pavilion, scheduled to open in 2025, will address the growing demand for specialized diagnostic treatment and surgical services. New and significant space for multispecialty cancer clinics and infusion centers will allow UC San Diego Health and Moores Cancer Center to greatly increase access to cancer care for patients throughout the region.


UC San Diego
Trauma
Surgical Critical Care
THE NORTH FACE


UCSF Medical Center
1825

The University of California, San Francisco Medical Center and Children's Hospital & Research Center Oakland

UCSF Health is internationally renowned for providing highly specialized and innovative care. Our family of care includes UCSF Helen Diller Medical Center at Parnassus Heights, UCSF Medical Center at Mount Zion, UCSF Medical Center at Mission Bay; UCSF Health Saint Francis Hospital and UCSF Health St. Mary's Hospital (effective August 2024); UCSF Benioff Children's Hospitals and clinics; Langley Porter Psychiatric Hospital and Clinics; UCSF Benioff Children's Physicians; and the UCSF Faculty Clinical Practices. UCSF Health serves as the principal clinical teaching site for the University of California, San Francisco School of Medicine, affiliated with the University of California since 1873.

UCSF Health's financial statements include the activities of the UCSF Faculty Clinical Practices. Revenues include professional fees earned by the faculty physicians practicing as the UCSF Faculty Clinical Practices and operating expenses include corresponding physician professional services along with the direct expenses of non-physician staff and related non-labor expenses.

UCSF Health continues to maintain an outstanding local and national reputation

- *U.S. News & World Report* 2024–25 survey ranked UCSF Medical Center (UCSFMC) the best in California (tied for No.1) and No.3 nationwide in neurology/neurosurgery and geriatric care. UCSFMC ranked among the nation's top 10 hospitals in seven areas: cancer, geriatrics, neurology and neurosurgery, orthopedics, psychiatry, pulmonology and rheumatology.
- UCSF Benioff Children's Hospitals are ranked ninth nationwide in neonatology, best in Northern California in three pediatric specialties and nationally recognized by *U.S. News & World Report* in all ten specialties for 2023–24.
- The UCSF School of Medicine was ranked Tier 1 in Best Medical Schools for Research and Tier 1 in Best Medical Schools for Primary Care by *U.S. News & World Report* in its survey for 2023–24 best medical schools.
- UCSFMC hospitals at Mission Bay, Parnassus Heights and Mount Zion have received an "A" Leapfrog Hospital Safety Grade for Spring 2024 — a national distinction that signifies excellence in protecting patients from harm and error in the hospitals.

UCSF Health continues to focus on strategic initiatives and network expansion to meet its mission and community needs

- UCSF Health is self-supporting and uses its margins to meet important needs in the community, including training physicians and other health professionals, supporting medical research, providing care to the medically and financially underserved, and building and operating facilities to serve the diverse needs of its patients.
- UCSF Health is continuing implementation of its current strategic plan, Vision 2025, which calls for UCSF to expand its commitment to providing the most advanced complex care services throughout the nine-county Bay Area.

- In June 2018, UCSF Health and John Muir Health opened the Berkeley Outpatient Center (BOPC), which provides primary and specialty care services to the Berkeley, Oakland, and Emeryville communities. BOPC is home to the UCSF-John Muir Health Cancer Center which, in 2022, expanded medical and sub-specialty oncology services, tripled its infusion capacity and provided advanced diagnostic imaging. Ambulatory surgery center and radiation oncology projects are on-track for targeted opening in October 2024 and November 2024, respectively.
- In September 2018, UCSF Health signed an alliance agreement with MarinHealth to expand clinical collaborations in Marin County with the goal of improving patient care and strengthening clinical practices for the community. UCSF Health has added 35 active clinics and 199 providers in its clinical network providing nearly 257,000 visits. As of April 2024, UCSF Health and Marin have a joint ownership of the Holdco of Marin ASC, giving UCSF effectively 20.4 percent share of the ambulatory surgery center.
- In June 2019, UCSF Health opened the Bakar Precision Cancer Medicine Building (PCMB), an integrated 170,000 square foot outpatient center dedicated to bringing together researchers, clinicians, and supportive care in one building.
- In January 2020, UCSF Health expanded its operations to San Mateo by opening a new primary care and specialty care clinic and operating a cancer center, providing a convenient option for patients who live or work on the Peninsula. In February 2025, a new Peninsula outpatient center is scheduled to open and will include expansion of the San Mateo infusion services, an ambulatory surgery center, and imaging center.
- In March 2020, UCSF Health and Washington Hospital Healthcare System (WHHS) jointly purchased a parcel and building in the Warm Springs Innovation District, south of WHHS' main campus in Fremont. UCSF and WHHS have redeveloped the building to offer a range of outpatient primary, specialty, surgical and diagnostic services to the community. In 2023, UCSF Health and WHHS signed a joint venture agreement to provide radiation oncology services and plan to continue to work together on integrative cancer programs.
- In 2021, UCSF Health and John Muir Health announced plans to develop a new cancer center in Walnut Creek. Services include medical oncology, infusion, advanced diagnostic, radiation oncology and more. The new Walnut Creek Cancer Center will expand the access to patients in the region; the joint venture with UCSF Health focuses on imaging and radiation oncology.
- Effective August 2024, UCSF Health Saint Francis Memorial Hospital, UCSF Health St. Mary's Medical Center and associated outpatient clinics joined UCSF Health. UCSF Health will maintain existing services at these longstanding San Francisco hospitals, ensuring patients will be able to continue seeing their current providers and keep care local. Having more places to offer primary and secondary care will also increase UCSF Health's ability to care for patients with complex medical needs. Combining community care with academic medicine makes convenient, comprehensive care easier to access for all our patients.

Major Construction Projects

- UCSF is constructing the Bayfront Medical Building in Mission Bay. The five-story clinical building will include an ambulatory surgery center, adult primary and secondary multi-specialty clinics (including same-day urgent care), and pharmacy. The building opened for services in August 2024.
- In May 2022, UCSF received approval to build a state-of-the-art hospital, the UCSF Helen Diller Hospital at Parnassus Heights. The new hospital is scheduled to open in 2030 and will incorporate the latest innovations in technology, including advanced diagnostics and robotics, to drive new therapies and treatments that are backed by UCSF's scientific research. To address the rising need for specialty care, the hospital will increase UCSF Health's current capacity by 37 percent to 682 beds, while adding 22 new operating rooms, for a total of 40 overall, and 31 new emergency care beds, increasing capacity by 71 percent to 70 beds.

In July 2024, UCSF Benioff Children's Hospitals received approval to build a new hospital on its Oakland campus that will provide a state-of-the-art, child-centered medical facility for families across the Bay Area. The seven-story, 277,500-square-foot building is expected to open in 2031 and will include a new and expanded emergency department, providing double the current space for the child-centered trauma care for which the Oakland hospital is renowned. The additional space will enable more efficient care and provide room for updated imaging and surgical services, a new neonatal intensive care unit (NICU), and seven new surgical suites. It will have triple the number of single-patient rooms as the current hospital — from 39 now to 137 — while also providing rooms for families with multiple children requiring care. And it will add a much-needed, 20-bed inpatient behavioral health unit.


UCSF Helen Diller Medical Center
AT PARNASSUS HEIGHTS
505 Parnassus
UCSF Anesthesia & Perioperative Care
Metaraminol
Intra-ARTERIAL
Ondansetron
Adrenaline
mg/mL
Rocuronium
mg/mL
Ketamine

University of California Management's Discussion and Analysis *(Unaudited)*

Introduction

The objective of this Management's Discussion and Analysis is to help readers better understand the University of California Medical Centers' (the Medical Centers) financial position and operating activities for the year ended June 30, 2024, with selected comparative information for the years ended June 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2022, 2023, 2024, etc.) in this discussion refer to the fiscal years ended June 30.

Overview

The Medical Centers are operating units of the University of California (the University), a California public corporation under Article IX, Section 9 of the California Constitution. The University is administered by The Regents of the University of California (The Regents) of which, under the formation documents of the University, administrative authority with respect to the Medical Centers is vested in the President of the University. The Medical Centers consist of the University of California, Davis Medical Center (UC Davis Medical Center or Davis), the University of California, Irvine Medical Center (UC Irvine Medical Center or Irvine), the University of California, Los Angeles Medical Center (UCLA Medical Center or Los Angeles), the University of California, San Diego Medical Center (UC San Diego Medical Center or San Diego) and the University of California, San Francisco Medical Center (UCSF Medical Center or San Francisco), each of which provides educational and clinical opportunities for students in the University's Schools of Medicine (Schools of Medicine) and offers a comprehensive array of medical services including tertiary and quaternary care services. The San Francisco Medical Center's financial statements include Children's Hospital & Research Center Oakland (CHRCO), combined with its foundation, a blended component unit of the University of California. The Regents is the sole corporate and voting member of CHRCO, a private, not-for-profit 501(c)(3) corporation. San Francisco provides certain management services for CHRCO. The San Francisco Medical Center's financial statements also include the activities of the UCSF Faculty Clinical Practices.

The Medical Centers' activities are monitored by The Regents' Committee on Health Services. The President of the University has delegated certain administrative authority to the Chancellor of each applicable campus. At each campus, direct management authority has been further delegated by the Chancellor as follows: for the UC Davis Medical Center, to the Vice Chancellor of Human Health Sciences and CEO; for the UC Irvine Medical Center, to the CEO and President; for the UCLA Medical Center, to the Vice Chancellor, Health Sciences and CEO; for the UC San Diego Medical Center, to the Vice Chancellor, Health Sciences and for the UCSF Medical Center, to the Health System CEO.

Operating Statistics

Table MDA.1 presents utilization statistics for the Medical Centers.

Table MDA.1: Operating Statistics

Description	Year	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Licensed beds[1]	2024	646	1,317	1,061	1,101	1,171	5,296
	2023	646	459	801	799	1,199	3,904
	2022	646	459	801	799	1,250	3,955
Admissions	2024	34,689	34,273	41,381	40,130	44,577	195,050
	2023	33,123	22,609	38,436	36,156	44,309	174,633
	2022	31,953	22,147	37,742	35,701	42,776	170,319
Average daily census	2024	621	565	908	725	869	3,688
	2023	620	411	787	671	877	3,366
	2022	591	380	745	647	827	3,190
Discharges	2024	34,662	33,907	41,331	40,219	44,770	194,889
	2023	33,193	22,573	38,458	36,130	44,342	174,696
	2022	31,888	22,136	37,689	35,704	42,852	170,269
Average length of stay (days)	2024	6.6	6.1	7.3	6.6	7.1	6.8
	2023	7.0	6.6	7.5	6.8	7.2	7.0
	2022	6.8	6.3	7.2	6.6	7.0	6.8
Patient days	2024	227,310	206,747	301,345	265,356	318,219	1,318,977
	2023	226,330	150,025	287,335	244,896	320,130	1,228,716
	2022	215,542	138,608	271,855	236,020	301,788	1,163,813
Case mix index[2]	2024	2.17	2.04	2.38	2.17	2.42	N/A
	2023	2.16	2.14	2.32	2.18	2.42	N/A
	2022	2.18	2.07	2.29	2.13	2.38	N/A
Outpatient visits[3]	2024	1,084,670	1,328,273	851,814	453,949	2,973,262	6,691,968
	2023	1,034,377	1,155,587	868,652	411,442	2,726,144	6,196,202
	2022	955,001	1,087,806	872,507	398,751	2,519,605	5,833,670

[1]Licensed beds is reported as of June 30 as approved by the California Department of Public Health, including all acquired hospitals during the year.

[2]Case mix index is calculated at the patient level and is not determinable systemwide.

[3]Outpatient visits for San Francisco includes School of Medicine and other non-hospital clinic visits.

Licensed Beds

Table MDA.2 presents changes in licensed beds.

Table MDA.2: Increases (decreases) in licensed beds

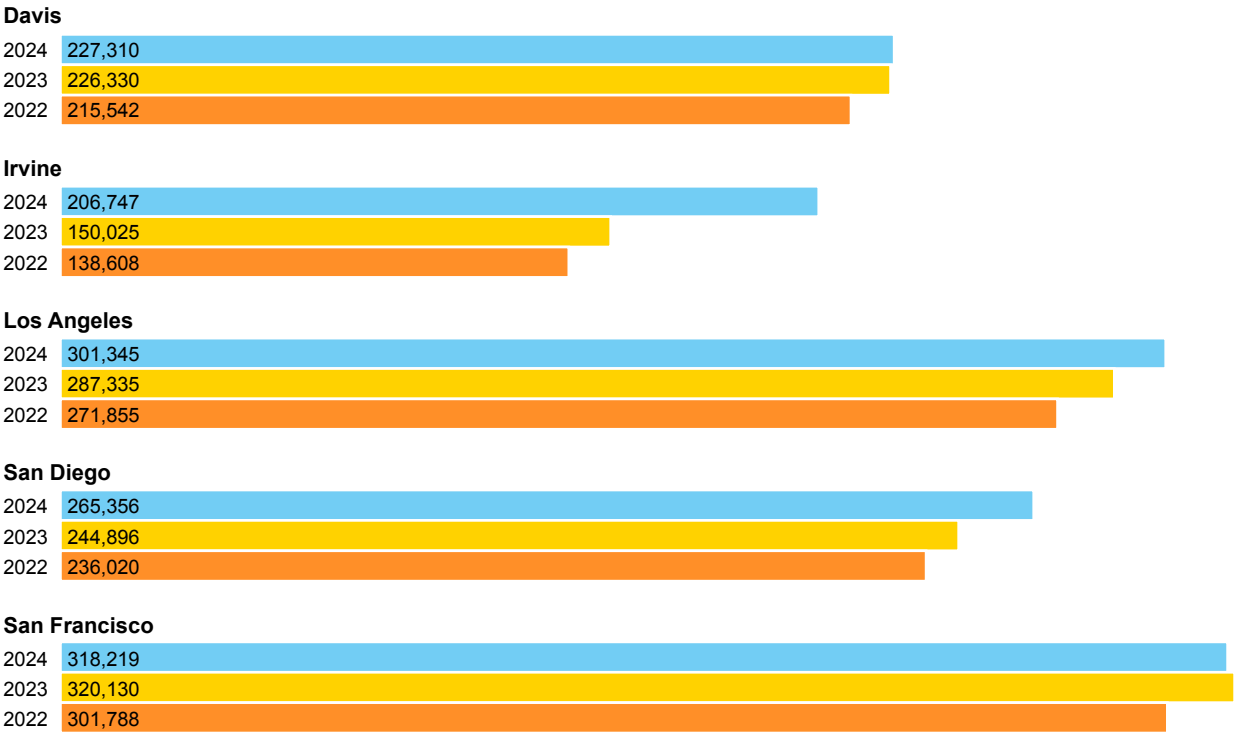
Location	2024	2023	Comments
Irvine	858		Licensed beds increased with the acquisition of four hospitals from Tenet Healthcare Corporation (Tenet) in March 2024.
Los Angeles	260		Increase is due to the acquisition of West Valley Medical Center.
San Diego	302		Increase is due to the acquisition of Alvarado Hospital in FY24.
San Francisco	(28)	(51)	Declines in licensed beds for UCSF Medical Center and Langley Porter Psychiatric Institute partially offset by an increase in licensed beds for Children's Hospital & Research Center Oakland.

Admissions and Patient Days

Admissions fluctuate based upon the Medical Centers' market share and overall volumes in the marketplace. Patient days fluctuate based on admissions and the overall length of stay, generally as a result of the complexity of care provided.

Display 1 illustrates patient days for each Medical Center.

Display 1: Patient days by location



Tables MDA.3a and **3b** present admissions and patient days increases (decreases) in 2024 and 2023, respectively.

Table MDA.3a: Admissions and patient days increases (decreases) in 2024

Location	Change in admissions	Change percentage	Patient days	Change percentage	Comments
Davis	1,566	4.7%	980	0.4%	Admissions and patient days were higher due to increased volume including emergency room visits and admissions.
Irvine	11,664	51.6	56,722	37.8	Admissions increased mainly from the acquisition of four Tenet hospitals and emergency room volume increase.
Los Angeles	2,945	7.7	14,010	4.9	Admissions and patient days increased due to surgeries, transfers and visits related to the newly acquired West Valley Medical Center, partially offset by a decrease in the average length of stay.
San Diego	3,974	11.0	20,460	8.4	Increase in emergency department and admissions at Alvarado Hospital.
San Francisco	268	0.6	(1,911)	(0.6)	Slight increase in admissions was primarily driven by higher surgery and ED volumes. Slight decline in patient days due to decreases in the average length of stay.

Table MDA.3b: Admissions and patient days increases in 2023

Location	Change in admissions	Change percentage	Patient days	Change percentage	Comments
Davis	1,170	3.7%	10,788	5.0%	Admissions and patient days increased due to emergency room volume and longer length of stay.
Irvine	462	2.1	11,417	8.2	Increase in admissions was primarily driven by increase in emergency department admissions, while length of stay increased patient days.
Los Angeles	694	1.8	15,480	5.7	Admissions and patient days increased due to emergency room volume and longer length of stay.
San Diego	455	1.3	8,876	3.8	Increase driven by emergency department and labor & delivery.
San Francisco	1,533	3.6	18,342	6.1	Increase in admissions was primarily driven by the continued recovery in emergency department visits. The increase in patient days was also driven by a higher average length of stay due to an increase in acuity and Medicare cases.

Outpatient Visits

Outpatient services provided by the Medical Centers include clinic visits, home health and hospice and emergency visits.

Tables MDA.4a, 4b and **4c** present outpatient services volume for the Medical Centers in 2024, 2023 and 2022, respectively.

Table MDA.4a: Outpatient services volume in 2024

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Hospital clinics	512,458	1,231,099	752,889	351,148	2,868,677	5,716,271
Community clinics	474,358					474,358
Home health and hospice	27,357					27,357
Emergency visits	70,497	97,174	98,925	102,801	104,585	473,982
Total Medical Center outpatient visits[1]	**1,084,670**	**1,328,273**	**851,814**	**453,949**	**2,973,262**	**6,691,968**
School of Medicine and other non-hospital clinic visits	36,235	89,799	2,997,955	965,513		4,089,502
Total outpatient visits	**1,120,905**	**1,418,072**	**3,849,769**	**1,419,462**	**2,973,262**	**10,781,470**

[1]*All San Francisco clinic visits are reported as revenues by the Medical Center. Related revenues are not reported by the other Medical Centers.*

Table MDA.4b: Outpatient services volume in 2023

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Hospital clinics	495,926	1,094,063	789,124	324,530	2,626,630	5,330,273
Community clinics	445,400					445,400
Home health and hospice	26,727					26,727
Emergency visits	66,324	61,524	79,528	86,912	99,514	393,802
Total Medical Center outpatient visits[1]	**1,034,377**	**1,155,587**	**868,652**	**411,442**	**2,726,144**	**6,196,202**
School of Medicine and other non-hospital clinic visits	31,245	125,853	2,766,143	857,263		3,780,504
Total outpatient visits	**1,065,622**	**1,281,440**	**3,634,795**	**1,268,705**	**2,726,144**	**9,976,706**

[1]*All San Francisco clinic visits are reported as revenues by the Medical Center. Related revenues are not reported by the other Medical Centers.*

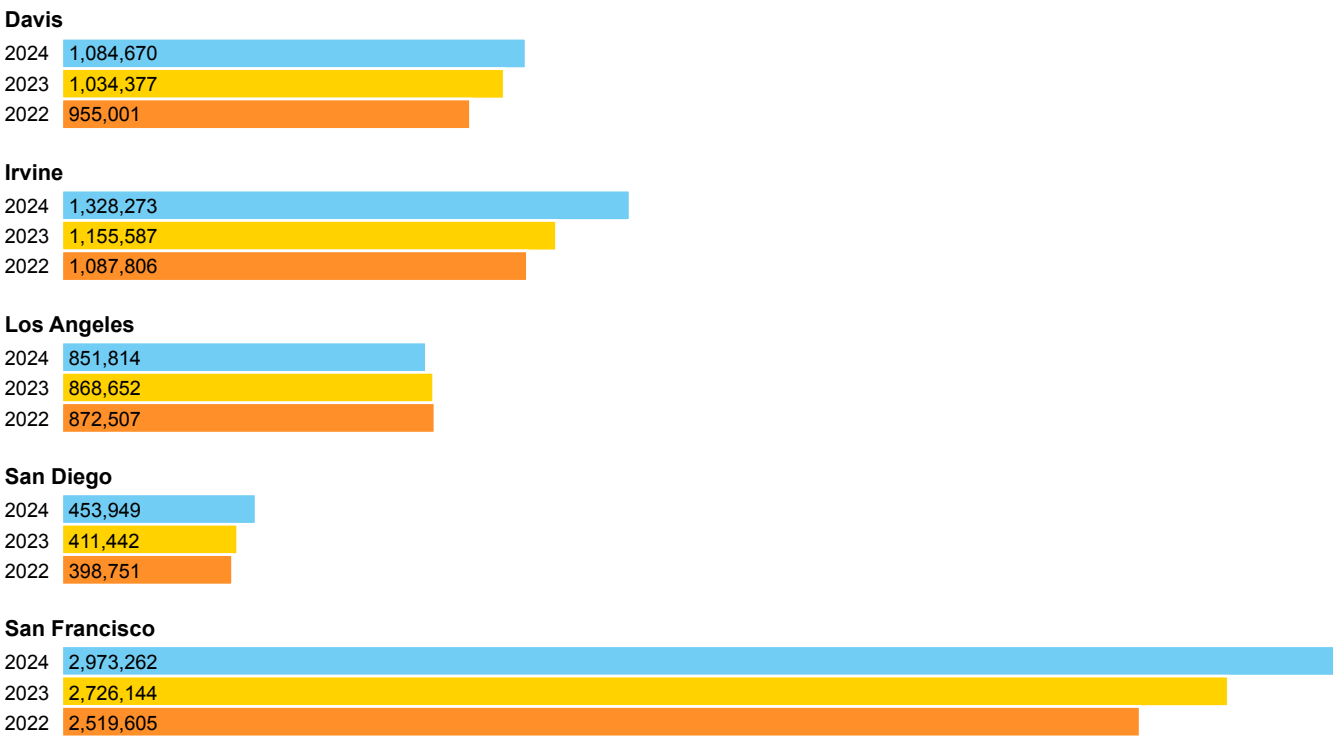
Table MDA.4c: Outpatient services volume in 2022

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Hospital clinics	489,328	1,030,108	798,793	313,456	2,428,937	5,060,622
Community clinics	378,313					378,313
Home health and hospice	24,451					24,451
Emergency visits	62,909	57,698	73,714	85,295	90,668	370,284
Total Medical Center outpatient visits[1]	**955,001**	**1,087,806**	**872,507**	**398,751**	**2,519,605**	**5,833,670**
School of Medicine and other non-hospital clinic visits	35,512	132,114	2,604,422	805,357		3,577,405
Total outpatient visits	**990,513**	**1,219,920**	**3,476,929**	**1,204,108**	**2,519,605**	**9,411,075**

[1]*All San Francisco clinic visits are reported as revenues by the Medical Center. Related revenues are not reported by the other Medical Centers.*

Display 2 illustrates outpatient visits volume for each Medical Center.

Display 2: Outpatient visits volume by Medical Center



Tables MDA.5a and **5b** present outpatient visits changes in 2024 and 2023, respectively.

Table MDA.5a: Outpatient visits increases (decreases) in 2024

Location	Change in outpatient visits	Change percentage	Comments
Davis	50,293	4.9%	Continued growth in primary and specialty care visits contributed to the increase.
Irvine	172,686	14.9	Increase mainly due to acquisition of Tenet hospitals, and the continued growth in offsite clinics
Los Angeles	(16,838)	(1.9)	Decrease was primarily due to a reduction in lab visits.
San Diego	42,507	10.3	Increase in hospital-based clinic visits from growth in primary and specialty care.
San Francisco	247,118	9.1	Increases were driven by the continued recovery in emergency department visits and growth in primary care and specialty care outpatient programs.

Table MDA.5b: Outpatient visits increases (decreases) in 2023

Location	Change in outpatient visits	Change percentage	Comments
Davis	79,376	8.3%	Continued growth in primary and specialty care visits contributed to the increase.
Irvine	67,781	6.2	New offsite clinics gained traction as well as more patients seen with increased demand for primary and specialty care services.
Los Angeles	(3,855)	(0.4)	Outpatient visits decreased slightly due to a reduction in volume in the following areas: radiology imaging, labs and clinics.
San Diego	12,691	3.2	Increase in hospital-based clinic visits from growth in primary and specialty care.
San Francisco	206,539	8.2	Increases were driven by the continued recovery in emergency department visits and growth in primary care and specialty care outpatient programs.

Condensed Statements of Revenues, Expenses and Changes in Net Position

In December 2023, UC San Diego Medical Center completed the purchase of Alvarado Hospital Medical Center from Prime Healthcare Services, Inc.

In March 2024, UC Irvine Medical Center completed the purchase of four hospitals and associated outpatient locations from Tenet Healthcare Corporation.

Also, in March 2024, UCLA Medical Center completed the purchase of West Hills Hospital and Medical Center and Surgicare of West Hills, Inc., which owns a 53.33 percent general and limited partnership interest in West Hills Surgical Center Ltd., which owns and operates West Hills Surgical Center, from HCA Healthcare.

Tables MDA.6a, 6b and **6c** summarize the results for the Medical Centers for fiscal years 2024, 2023 and 2022, respectively.

Table MDA.6a: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2024

(in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net patient service revenue	$3,613,207	$2,323,366	$3,824,877	$3,563,065	$7,355,765	$20,680,280
Other operating revenue	167,147	163,869	404,699	159,595	262,633	1,157,943
Total operating revenue	3,780,354	2,487,235	4,229,576	3,722,660	7,618,398	21,838,223
Total operating expenses	3,784,176	2,515,886	3,706,033	3,524,397	7,136,423	20,666,915
Income (loss) from operations	(3,822)	(28,651)	523,543	198,263	481,975	1,171,308
Net nonoperating revenues (expenses)	(46,657)	5,313	143,775	(5,735)	111,900	208,596
Income (loss) before other changes in net position	(50,479)	(23,338)	667,318	192,528	593,875	1,379,904
Other changes in net position	(105,391)	(207,447)	(338,778)	(361,467)	(212,474)	(1,225,557)
Change in net position	(155,870)	(230,785)	328,540	(168,939)	381,401	154,347
Beginning of year, as previously reported	(1,242,212)	(311,934)	(466,166)	(1,297,934)	(682,345)	(4,000,591)
Change to or within the financial reporting entity			(11,281)			(11,281)
Beginning of year, as restated	(1,242,212)	(311,934)	(477,447)	(1,297,934)	(682,345)	(4,011,872)
Net position, end of year	**($1,398,082)**	**($542,719)**	**($148,907)**	**($1,466,873)**	**($300,944)**	**($3,857,525)**

Table MDA.6b: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2023

(in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net patient service revenue	$3,277,414	$1,825,214	$3,522,636	$3,058,233	$6,434,135	$18,117,632
Other operating revenue	152,023	156,123	261,382	198,155	384,976	1,152,659
Total operating revenue	3,429,437	1,981,337	3,784,018	3,256,388	6,819,111	19,270,291
Total operating expenses	3,583,540	1,871,097	3,515,403	3,244,275	6,926,147	19,140,462
Income (loss) from operations	(154,103)	110,240	268,615	12,113	(107,036)	129,829
Net nonoperating revenues (expenses)	54,640	20,918	65,503	(11,743)	(8,897)	120,421
Income (loss) before other changes in net position	(99,463)	131,158	334,118	370	(115,933)	250,250
Other changes in net position	(173,289)	(63,760)	(258,418)	(276,730)	(161,635)	(933,832)
Change in net position	(272,752)	67,398	75,700	(276,360)	(277,568)	(683,582)
Net position, beginning of year	(969,460)	(379,332)	(541,866)	(1,021,574)	(404,777)	(3,317,009)
Net position, end of year	**($1,242,212)**	**($311,934)**	**($466,166)**	**($1,297,934)**	**($682,345)**	**($4,000,591)**

Table MDA.6c: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2022

(in thousands of dollars)

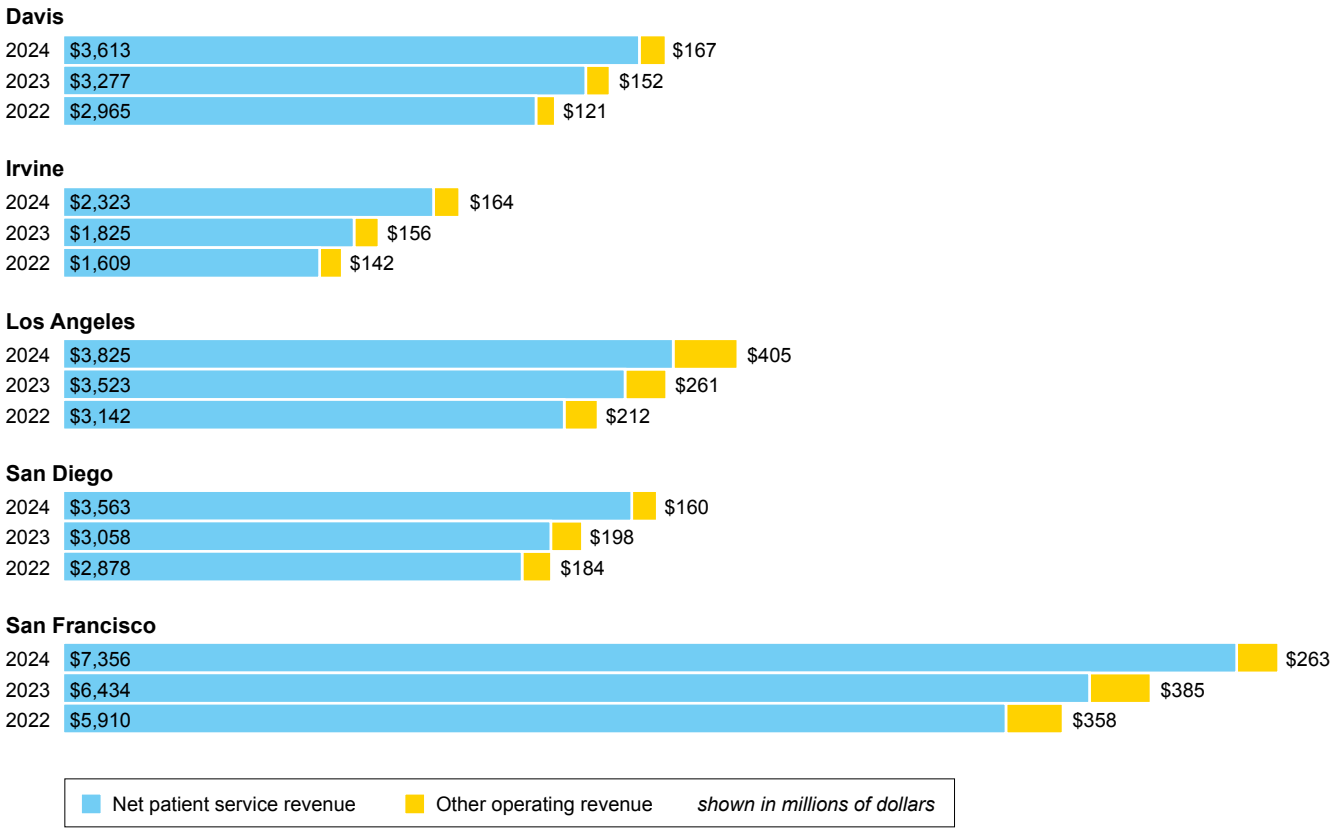
Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net patient service revenue	$2,965,455	$1,608,981	$3,141,828	$2,877,781	$5,909,588	$16,503,633
Other operating revenue	120,751	141,883	212,091	183,944	357,673	1,016,342
Total operating revenue	3,086,206	1,750,864	3,353,919	3,061,725	6,267,261	17,519,975
Total operating expenses	3,142,997	1,705,940	3,249,563	2,902,014	6,183,404	17,183,918
Income (loss) from operations	(56,791)	44,924	104,356	159,711	83,857	336,057
Net nonoperating expenses	(36,202)	(16,329)	(83,193)	(9,999)	(54,413)	(200,136)
Income (loss) before other changes in net position	(92,993)	28,595	21,163	149,712	29,444	135,921
Other changes in net position	(182,890)	(76,797)	(263,777)	(284,438)	(171,237)	(979,139)
Change in net position	(275,883)	(48,202)	(242,614)	(134,726)	(141,793)	(843,218)
Net position, beginning of year	(693,577)	(331,130)	(299,252)	(886,848)	(262,984)	(2,473,791)
Net position, end of year	**($969,460)**	**($379,332)**	**($541,866)**	**($1,021,574)**	**($404,777)**	**($3,317,009)**

Revenues

Patient service revenue depends on inpatient occupancy levels, the volume of outpatient visits, the complexity of care provided and the payment rates for services provided. Patient service revenue is net of allowance for bad debt and estimated allowances from contractual arrangements with Medicare, Medi-Cal and other third-party commercial payors and has been estimated based on the terms of reimbursement for contracts currently in effect. Other operating revenue consisted primarily of clinical teaching support funds, grants and contracts and other non-patient service sources such as pharmacy rebate programs and cafeteria revenues.

Display 3 illustrates trends in net patient service revenue and other operating revenue.

Display 3: Net patient service revenue and other operating revenue



Tables MDA.7a and **7.b** present revenue increases in 2024 and 2023, respectively.

Table MDA.7a: Revenue increases in 2024 *(in millions of dollars)*

Location	Change in total operating revenue	Change percentage	Net patient service revenue	Change percentage	Comments
Davis	$350.9	10.2%	$335.8	10.2%	Increase is attributable to higher patient volume and growth in pharmaceutical revenue.
Irvine	505.9	25.5	498.2	27.3	The increase is attributable to organic growth from higher patient volumes and incremental revenue generated by the Tenet hospitals acquired in March 2024.
Los Angeles	445.6	11.8	302.2	8.6	Increase due to inpatient and outpatient volume growth, specialty retail pharmacy, third-party supplemental payments and newly acquired West Valley Medical Center.
San Diego	466.3	14.3	504.8	16.5	Driven by various prior period revenue settlements and the acquisition of a hospital. In addition, increased patient volumes in surgery cases, emergency visits and clinic visits.
San Francisco	799.3	11.7	921.6	14.3	Increase due to growth in volumes, contract rate increases, higher supplemental revenues and prior year settlements, and growth in specialty pharmacy. Outpatient growth has outpaced growth in inpatient.

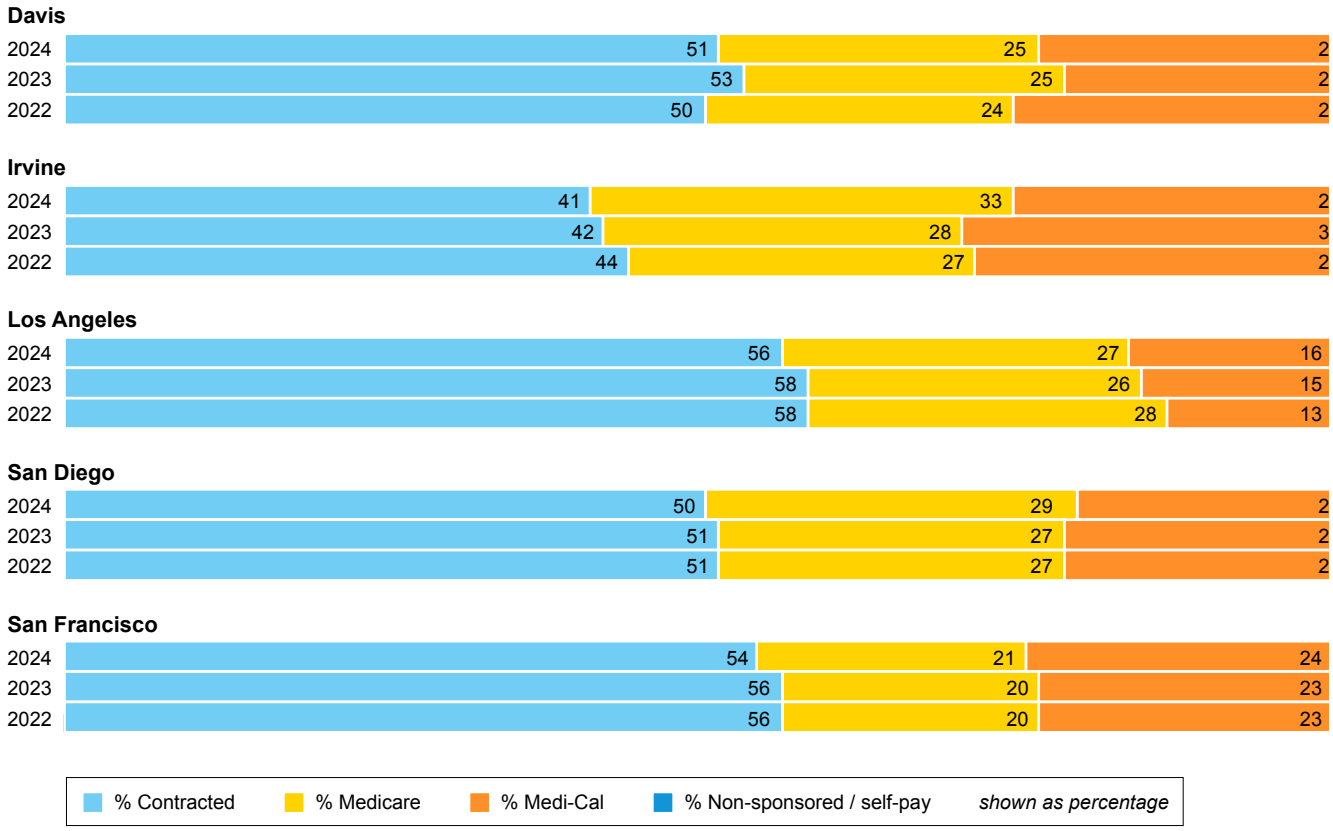
Table MDA.7b: Revenue increases in 2023 *(in millions of dollars)*

Location	Change in total operating revenue	Change percentage	Net patient service revenue	Change percentage	Comments
Davis	$343.2	11.1%	$312.0	10.5%	Increase is attributable to higher patient volume and growth in pharmaceutical revenue.
Irvine	230.5	13.2	216.2	13.4	Increase due to growth in patient volume, improvements in reimbursement rate and third party supplemental payments, and growth in specialty retail pharmacy.
Los Angeles	430.1	12.8	380.8	12.1	Increase due to growth in inpatient and outpatient volume, third-party supplemental payments and growth in pharmacy revenue.
San Diego	194.7	6.4	180.5	6.3	Increase is due to growth in average daily census and surgical cases.
San Francisco	551.9	8.8	524.5	8.9	Increase due to growth in volumes, contract rate increases, high case mix index and growth in specialty pharmacy revenue.

The most common payment arrangement for inpatient services is a prospectively determined per-diem rate or case rate. The most common payment arrangement for outpatient care is a prospective payment system that uses ambulatory payment classifications.

Display 4 illustrates the percentage of net patient service revenue by payor.

Display 4: Net patient service revenue by payor composition



Tables MDA.8a and **8b** present payor mix changes in 2024 and 2023, respectively.

Table MDA.8a: Payor mix changes in 2024

Location	Comments
Davis	Payor mix remained relatively stable. Commercial remained consistent while Medi-Cal slightly declined, offset by a slight increase in Medicare.
Irvine	Payor mix changed due to a shift mainly from Medi-Cal to Medicare payors.
Los Angeles	Payor mix changed due to a shift from contracted payors to government payors.
San Diego	Payor mix shifted slightly from contracted payors to Medicare.
San Francisco	Payor mix changed due to a shift from contracted payors to government payors. Medicare and Medi-Cal net patient increased due to favorable supplemental revenues and prior year settlements.

Table MDA.8b: Payor mix changes in 2023

Location	Comments
Davis	Payor mix shifted slightly from governmental payors to contracts.
Irvine	Payor mix changed due to a shift from contracted payors to government payors.
Los Angeles	Payor mix shifted from contracted payors to government payors.
San Diego	Payor mix is consistent with prior year.
San Francisco	Payor mix changed due to a shift from contracted payors to government payors. Medicare patient days have continued to increase as the local population ages.

Operating Expenses

Operating expenses fluctuate based on patient statistics, including inpatient occupancy levels, the volume of outpatient visits and the mix of services provided. Expenses are also impacted by inflation and ongoing cost containment efforts by the Medical Centers. Pension expenses have caused significant fluctuations in total operating expenses due to the performance of the financial markets.

Tables MDA.9a, 9b and **9c** summarize the operating expenses for the Medical Centers in 2024, 2023 and 2022, respectively.

Table MDA.9a: Operating expenses in 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Salaries and wages	$1,639,897	$919,962	$1,546,999	$1,277,720	$2,563,865	$7,948,443
Pension benefits	291,874	258,345	243,796	221,825	391,317	1,407,157
Retiree health benefits	84,804	102,876	37,718	86,791	120,308	432,497
Other employee benefits	375,435	203,846	288,943	297,438	528,672	1,694,334
Professional services	163,456	28,895	46,006	106,109	1,338,752	1,683,218
Medical supplies	708,974	513,026	738,203	983,910	1,278,315	4,222,428
Other supplies and purchased services	260,607	290,338	562,221	310,222	544,528	1,967,916
Depreciation and amortization	162,823	127,020	164,283	123,493	224,986	802,605
Insurance and other	96,306	71,578	77,864	116,889	145,680	508,317
Total	**$3,784,176**	**$2,515,886**	**$3,706,033**	**$3,524,397**	**$7,136,423**	**$20,666,915**

Table MDA.9b: Operating expenses in 2023 *(in thousands of dollars)*

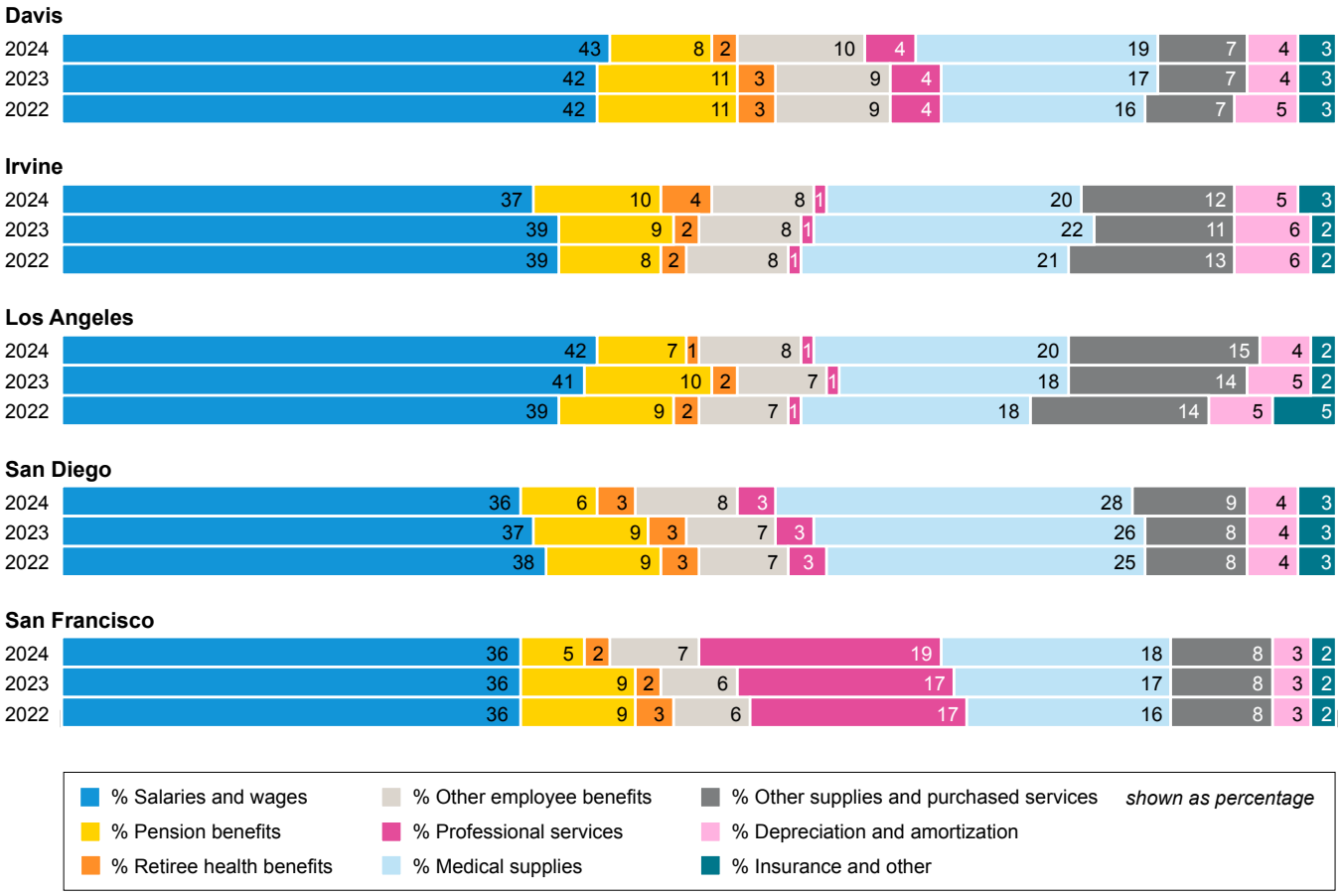
Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Salaries and wages	$1,491,541	$730,192	$1,456,678	$1,217,545	$2,505,214	$7,401,170
Pension benefits	413,722	175,667	347,961	285,089	627,522	1,849,961
Retiree health benefits	106,942	37,439	56,102	84,758	175,423	460,664
Other employee benefits	332,811	146,092	258,705	242,012	453,408	1,433,028
Professional services	141,366	12,962	37,975	89,155	1,155,658	1,437,116
Medical supplies	601,503	414,506	644,761	841,223	1,148,671	3,650,664
Other supplies and purchased services	236,270	202,961	483,253	258,238	526,467	1,707,189
Depreciation and amortization	164,256	110,465	159,035	125,768	222,045	781,569
Insurance and other	95,129	40,813	70,933	100,487	111,739	419,101
Total	**$3,583,540**	**$1,871,097**	**$3,515,403**	**$3,244,275**	**$6,926,147**	**$19,140,462**

Table MDA.9c: Operating expenses in 2022 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Salaries and wages	$1,312,882	$660,781	$1,272,830	$1,092,459	$2,214,701	$6,553,653
Pension benefits	346,531	143,503	306,290	255,515	549,714	1,601,553
Retiree health benefits	109,615	39,446	71,057	92,589	177,417	490,124
Other employee benefits	283,077	130,009	235,819	216,064	410,599	1,275,568
Professional services	125,497	16,759	36,621	74,492	1,032,575	1,285,944
Medical supplies	518,349	366,471	576,988	737,599	971,049	3,170,456
Other supplies and purchased services	217,097	215,305	439,232	218,927	505,742	1,596,303
Depreciation and amortization	150,454	107,507	147,958	128,748	218,213	752,880
Insurance and other	79,495	26,159	162,768	85,621	103,394	457,437
Total	**$3,142,997**	**$1,705,940**	**$3,249,563**	**$2,902,014**	**$6,183,404**	**$17,183,918**

Display 5 illlustrates the percentage of operating expenses by type.

Display 5: Operating expenses by type composition



Tables MDA.10a and **10b** present increases in total operating expense in 2024 and 2023, respectively.

Table MDA.10a: Increases in operating expense in 2024 *(in millions of dollars)*

Location	Change in total operating expense	Change percentage	Comments
Davis	$200.6	5.6%	Increase is primarily due to salaries and benefits, professional services and medical supplies due to slight growth in number of employees and rate increases. Operations within UC Davis Medical Center grew by 6% in surgery services and 4% in clinical visits during FY2024. This growth, including expanded services in infusion through Care at Home, Prenatal clinics and psychiatric services, resulted in a corresponding 5% growth in FTE's. Volume increase contributed to increase in supply costs.
Irvine	644.8	34.5	Increase primarily driven by higher pension and retiree health expenses, higher salary due to FTE growth, and acquisition related expenses.
Los Angeles	190.6	5.4	Overall increase in operating expenses due to higher patient volume as well as inflationary and contract rate increases.
San Diego	280.1	8.6	Increase due to higher salaries & wages driven by higher patient volume and the acquisition of a new hospital. In addition, increases in pharmaceuticals, medical supplies and purchased services are also driven by increased patient volume and the hospital acquisition.
San Francisco	210.3	3.0	Overall increase in operating expenses due to higher volumes and rate increases. Expense increases were partially offset by reductions in pension and retiree health benefits expenses, improvements in FTE efficiency, and reductions in both COVID-19 employee payments and contract labor rates.

Table MDA.10b: Increases in operating expense in 2023 *(in millions of dollars)*

Location	Change in total operating expense	Change percentage	Comments
Davis	$440.5	14.0%	Increase in salaries and benefits, professional services and medical supplies is related to volume increases, annual rate increases and inflationary factors, as well as the State's worker retention payment program.
Irvine	165.2	9.7	Increase in labor and non-labor costs, primarily pharmaceuticals and other medical supplies, due to higher patient volume and inflationary pressure.
Los Angeles	265.8	8.2	Increase primarily driven by higher salary and benefits costs due to growth in FTEs and rate increases. In addition, there were increases in medical supplies due to increased volume and costs, other supplies and purchased services.
San Diego	342.3	11.8	Increase due to salaries & wages from higher patient volumes and premiums for contract labor. In addition, increases in pharmaceuticals, medical supplies and purchased services are driven by increased patient volumes and general inflationary pressures.
San Francisco	742.7	12.0	Overall increase due to higher volumes and inflationary pressure on both labor and non-labor costs.

Salaries and Benefits

Salary and employee benefits expense includes wages paid to employees, vacation, holiday and sick pay, payroll taxes, workers' compensation insurance premiums, health insurance, pension and retiree health benefits expense and other employee benefits. Salaries and benefits as a percentage of total operating revenue have changed primarily due to changes in pension and retiree health benefits expense.

Tables MDA.11a and **11b** present salaries and benefits expense changes as a percentage of total operating revenue in 2024 and 2023, respectively.

Table MDA.11a: Salaries and benefits expense changes as a percentage of total operating revenue in 2024

Location	2024	2023	Comments
Davis	63.3%	68.4%	Decrease was driven by favorable market returns on pension assets and a decline in retiree health benefits.
Irvine	59.7	55.0	Salaries and benefits as a percentage of total operating revenue increased due to higher pension and retiree health benefit expenses.
Los Angeles	50.1	56.0	Decrease was driven by favorable market returns on pension assets and a decline in retiree health benefits.
San Diego	50.6	56.2	Reduction of contract labor resulted in salaries and benefits increasing less relative to the increase in medical supplies and purchased services.
San Francisco	47.3	55.2	Decrease due to improvements in FTE efficiency, reductions in COVID-19 employee payments, declines in contract labor rates, declines in pension and retiree health benefits expense, and strong volume and revenue growth.

Table MDA.11b: Salaries and benefits expense changes as a percentage of total operating revenue in 2023

Location	2023	2022	Comments
Davis	68.4%	66.5%	Rate increases from collective bargaining negotiations, higher benefit costs, including pension expense, higher contract labor and employee retention payments contributed to the growth.
Irvine	55.0	55.6	Salaries and benefits as a percentage of total operating revenue is relatively stable year-on-year.
Los Angeles	56.0	56.2	Salaries and benefits as a percentage of total operating revenue is relatively stable year-on-year.
San Diego	56.2	54.1	Increased salaries and wages due to labor market pressures and increased premiums for contract labor.
San Francisco	55.2	53.5	Increase due to higher FTEs, rate increases for both non-contract and contract labor, and lump sum payouts associated with the ratification of collective bargaining agreements and COVID-19 worker retention.

Approximately one-half of the Medical Centers' workforce, including nurses and employees providing ancillary services, expand and contract with patient volumes.

Tables MDA.12a and **12b** present increases (decreases) in salaries and wages, full-time equivalents and salaries and wages rates in 2024 and 2023, respectively.

Table MDA.12a: Increases (decreases) in salaries and wages, full-time equivalents and salaries and wages rates in 2024
(in millions of dollars)

Location	Change in salaries and wages	Change percentage	Change in full-time equivalents	Change percentage	Rate change	Change percentage
Davis	$148.4	9.9%	555	4.8%	$76.4	4.9%
Irvine	189.8	26.0	3,901	64.6	(171.3)	(23.5)
Los Angeles	90.3	6.2	504	4.7	20.0	1.4
San Diego	60.2	4.9	283	3.1	66.1	1.7
San Francisco	58.7	2.3	(132)	(0.8)	79.1	3.1

Table MDA.12b: Increases in salaries and wages, full-time equivalents and salaries and wages rates in 2023 *(in millions of dollars)*

Location	Change in salaries and wages	Change percentage	Change in full-time equivalents	Change percentage	Rate change	Change percentage
Davis	$178.7	13.6%	739	6.9%	$88.5	6.3%
Irvine	69.4	10.5	345	6.1	27.7	4.2
Los Angeles	183.8	14.4	526	5.2	112.0	8.8
San Diego	125.1	11.4	425	4.9	67.7	6.2
San Francisco	290.5	13.1	918	6.2	152.8	6.9

Table MDA.13a and **13b** present increases (decreases) in employee benefits in 2024 and 2023, respectively.

Table MDA.13a: Increases (decreases) in employee benefits in 2024 *(in millions of dollars)*

Location	Change in salaries and wages	Change percentage	Change in full-time equivalents	Change percentage	Rate change	Change percentage
Davis	($121.8)	(29.5%)	($22.1)	(20.7%)	$42.6	12.8%
Irvine	82.7	47.1	65.4	174.8	57.8	39.5
Los Angeles	(104.2)	(29.9)	(18.4)	(32.8)	30.2	11.7
San Diego	(63.3)	(22.2)	2.0	2.4	55.4	22.9
San Francisco	(236.2)	(37.6)	(55.1)	(31.4)	75.3	16.6

Table MDA.13b: Increases (decreases) in employee benefits in 2023 *(in millions of dollars)*

Location	Change in salaries and wages	Change percentage	Change in full-time equivalents	Change percentage	Rate change	Change percentage
Davis	$67.2	19.4%	($2.7)	(2.4%)	$49.7	17.6%
Irvine	32.2	22.4	(2.0)	(5.1)	16.1	12.4
Los Angeles	41.7	13.6	(15.0)	(21.0)	22.9	9.7
San Diego	29.6	11.6	(7.8)	(8.5)	25.9	12.0
San Francisco	77.8	14.2	(2.0)	(1.1)	42.8	10.4

Substantially all full-time employees of the Medical Centers participate in the University of California Retirement Plan (UCRP).

Table MDA.14 presents pension expense and contributions for the Medical Centers related to UCRP.

Table MDA.14: UCRP pension expense and contributions *(in thousands of dollars)*

Location	Pension expense 2024	Pension contributions 2024	Pension expense 2023	Pension contributions 2023	Pension expense 2022	Pension contributions 2022
Davis	$291,874	$189,294	$413,722	$168,790	$346,531	$160,044
Irvine	257,610	95,969	174,601	73,635	144,035	70,274
Los Angeles	243,796	165,981	347,961	151,748	306,290	149,801
San Diego	221,825	137,326	285,089	119,008	255,515	116,082
San Francisco	355,223	253,478	583,286	238,919	500,630	227,868
Total	**$1,370,328**	**$842,048**	**$1,804,659**	**$752,100**	**$1,553,001**	**$724,069**

The University has financial responsibility for pension benefits associated with its defined benefit plans. The Medical Centers are required to contribute at a rate set by The Regents. The University contribution rate for active members was 14.0 percent, 14.0 percent and 15.0 percent of covered payroll for the years ended June 30, 2024, 2023 and 2022, respectively. The University contribution rate is 14.5 percent effective July 1, 2024, with 0.5 percent increases per year until reaching 18.0 percent on July 1, 2031.

Pension expense is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year. Pension expense fluctuates primarily based on expected as compared to actual investment returns and the trend in the Medical Centers' proportionate share of the net pension liability. Pension expenses were lower in 2024 due to higher than expected investment returns. Pension expenses were higher in 2023 primarily due to assumption changes based on a required experience study. Pension expenses were higher in 2022 due to significantly lower than expected investment returns. The discount rate used to estimate the net pension liability was 6.75 percent in 2022, 2023 and 2024.

Table MDA.15 presents retiree health benefits expense and contributions for the Medical Centers.

Table MDA.15: Retiree health benefits expense and contributions *(in thousands of dollars)*

Location	Retiree health benefits expense 2024	Retiree health benefits contributions 2024	Retiree health benefits expense 2023	Retiree health benefits contributions 2023	Retiree health benefits expense 2022	Retiree health benefits contributions 2022
Davis	$84,804	$31,173	$106,942	$27,804	$109,615	$25,938
Irvine	102,876	15,803	37,439	12,048	39,446	11,315
Los Angeles	37,718	27,207	56,102	24,842	71,057	24,287
San Diego	86,791	22,479	84,758	19,449	92,589	18,670
San Francisco	120,308	42,076	175,423	39,876	177,417	37,037
Total	**$432,497**	**$138,738**	**$460,664**	**$124,019**	**$490,124**	**$117,247**

The University administers single-employer health and welfare plans to provide primarily medical, dental and vision benefits to eligible retirees (and their eligible family members) of the University of California and its affiliates through the University of California Retiree Health Benefit Trust (UCRHBT). The University has a financial responsibility for retiree health benefits associated with UCRHBT and funds them on a pay-as-you-go basis. The Medical Centers are required to contribute at a rate assessed each year by the University.

Retiree health benefits expense is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year. Retiree health benefits expenses decreased in 2024 and 2023 due to changes in the discount rate. The discount rates as of June 30, 2024, 2023 and 2022 were 3.93 percent, 3.65 percent and 3.54 percent, respectively.

Professional Services

Professional services include payments to the Schools of Medicine for physician services in the hospitals and clinics, payments to other health care providers for capitated patients, outside laboratory fees, organ acquisition fees, transcription fees and legal fees.

Tables MDA.16a and **16b** present increases (decreases) in professional services expense in 2024 and 2023, respectively.

Table MDA.16a: Increases in professional services expense in 2024 *(in millions of dollars)*

Location	Change in professional services	Change percentage	Comments
Davis	$22.1	15.6%	Increase is driven by consulting fees, other professional services and professional network cost for physician services.
Irvine	15.9	122.9	Increase mainly due to higher consulting and legal fees.
Los Angeles	8.0	21.1	Increase primarily driven by interim service agreements related to the acquisition of West Valley Medical Center.
San Diego	17.0	19.0	Increases in administrative component expenses and legal fees.
San Francisco	183.1	15.8	Professional services include the UCSF Faculty Clinical Practices, while other UC Health entities only reflect hospital performance. Increase in professional fees is primarily driven by higher physician fees due to a significant increase in physician work relative value units, increases in rates, and higher consulting spend.

Table MDA.16b: Increases (decreases) in professional services expense in 2023 *(in millions of dollars)*

Location	Change in professional services	Change percentage	Comments
Davis	$15.9	12.6%	Increase due to professional network cost for physician services.
Irvine	(3.8)	(22.7)	Decrease mainly due to lower consulting and legal fees.
Los Angeles	1.4	3.7	Slight increase in administrative expenses.
San Diego	14.7	19.7	Increase in administrative service component expenses.
San Francisco	123.1	11.9	Professional services include the UCSF Faculty Clinical Practices, while other UC Health entities only reflect hospital performance. Increase in professional fees is primarily driven by higher physician fees due to a significant increase in physician work relative value units.

Medical Supplies

Medical supplies expense fluctuates with patient volumes. Medical supplies are also subject to significant inflationary pressures due to escalating pharmaceutical costs and continued innovation in implants, prosthetics and other medical supplies. The Medical Centers have ongoing initiatives to control utilization and to negotiate competitive pricing.

Tables MDA.17a and **17b** present increases in medical supplies expense, including pharmaceuticals in 2024 and 2023, respectively.

Table MDA.17a: Increases in medical supplies expense in 2024 *(in millions of dollars)*

Location	Change in medical supplies	Change percentage	Comments
Davis	$107.5	17.9%	Higher patient volumes, inflation costs for supplies and growth in pharmacy services contributed to the increase.
Irvine	98.5	23.8	Increase due to higher patient volumes, and escalating medical, pharmaceutical supplies costs.
Los Angeles	93.4	14.5	Increase in pharmacy expense due to patient acuity and growth in specialty pharmacy and retail pharmacy prescriptions. Increase in medical supplies due to volume and inflation.
San Diego	142.7	17.0	Increase driven by higher patient volume, particularly higher pharmaceutical expenses from retail pharmacy revenue and general pharmaceutical price increases.
San Francisco	129.6	11.3	Increase due to higher patient volumes, supply chain pricing inflation and growth in specialty pharmacy.

Table MDA.17b: Increases in medical supplies expense in 2023 *(in millions of dollars)*

Location	Change in medical supplies	Change percentage	Comments
Davis	$83.2	16.0%	Continued growth in volume and inflationary costs for supplies drove the increase.
Irvine	48.0	13.1	Increase due to higher patient volumes, supply chain pricing inflation and growth in specialty pharmacy.
Los Angeles	67.8	11.7	Increase in pharmacy expense due to growth in specialty pharmacy and retail prescription volume as well as patient acuity. In addition, price increases for pharmaceuticals and medical supplies.
San Diego	103.6	14.0	Increase driven by pharmaceutical expenses related to increased volumes and general pharmaceutical price increases.
San Francisco	177.6	18.3	Increase due to higher patient volumes, supply chain pricing inflation and growth in specialty pharmacy.

Other Supplies and Purchased Services

Other supplies and purchased services expenses include non-medical supplies, medical purchased services and repairs and maintenance.

Table MDA.18a presents increases in other supplies and purchased services expense in 2024.

Table MDA.18a: Increases in other supplies and purchased services expense in 2024 *(in millions of dollars)*

Location	Change in other supplies and purchased services	Change percentage	Comments
Davis	$24.3	10.3%	Increase is due to higher software and maintenance contracts, as well as supply costs related to higher volume.
Irvine	87.4	43.1	Increase driven by higher patient volumes and acquisition-related purchased services.
Los Angeles	79.0	16.3	Increase driven by higher volume, higher organ acquisition costs, payments to outside providers for capitation plans, higher maintenance service contracts and inflation.
San Diego	52.0	20.1	Increase due to overall higher patient volume and additional expenses from the acquired hospital.
San Francisco	18.1	3.4	Increase due to higher volumes and increases in supply costs.

Table MDA.18b presents increases (decreases) in other supplies and purchased services in 2023.

Table MDA.18b: Increases (decreases) in other supplies and purchased services expense in 2023 *(in millions of dollars)*

Location	Change in other supplies and purchased services	Change percentage	Comments
Davis	$19.2	8.8%	Increase is driven by volume related laboratory costs and increased costs related to deferred maintenance.
Irvine	(12.3)	(5.7)	Decrease primarily due to lower non-medical purchased services resulting from improvements in operational efficiency.
Los Angeles	44.0	10.0	Supplies and purchased services increased as a result of higher inpatient volume, higher surgical volumes, higher organ acquisition costs, laboratory supply costs, an increase in maintenance service contracts and inflation.
San Diego	39.3	18.0	Increase driven by higher patient volumes and general inflationary price pressures.
San Francisco	20.7	4.1	Increase due to higher volumes and increases in supply costs.

Depreciation and Amortization

Tables MDA.19a and **19b** present increases (decreases) in depreciation and amortization expense in 2024 and 2023, respectively.

Table MDA.19a: Increases (decreases) in depreciation and amortization in 2024 *(in millions of dollars)*

Location	Change in depreciation and amortization	Change percentage	Comments
Davis	($1.4)	(0.9%)	Depreciation and amortization remained consistent with prior year.
Irvine	16.6	15.0	Increase due to more buildings and capital equipment placed into service, higher amortization of right-of-use assets and a new amortization of excess consideration provided for acquisition.
Los Angeles	5.2	3.3	Increase primarily driven by depreciation of capital assets for the newly acquired facilities.
San Diego	(2.3)	(1.8)	Decrease in number of leases subject to GASB 87 lease accounting pronouncement.
San Francisco	2.9	1.3	No significant change from prior year.

Table MDA.19b: Increases (decreases) in depreciation and amortization in 2023 *(in millions of dollars)*

Location	Change in depreciation and amortization	Change percentage	Comments
Davis	$13.8	9.2%	Increase due to amortization expense related to GASB 96 subscription-based information technology arrangements and completion of construction projects during the year.
Irvine	3.0	2.8	Increase due to amortization expense related to GASB 96 subscription-based information technology arrangements.
Los Angeles	11.1	7.5	Increase due to amortization expense related to GASB 96 subscription-based information technology arrangements.
San Diego	(3.0)	(2.3)	Decrease due to certain assets becoming fully depreciated in FY23 and partially offset by increased amortization expense related to GASB 96 subscription-based information technology arrangements.
San Francisco	3.8	1.8	Increase due to amortization expense related to GASB 96 subscription-based information technology arrangements.

Income (Loss) Before Other Changes in Net Position

Income (loss) before other changes in net position generally fluctuates consistent with operating results; however, as designated public hospitals, grants from the CARES Act and the State, which are intended to mitigate operating losses, are reported as nonoperating revenues.

Table MDA.20 presents income (loss) before other changes in net position for the Medical Centers.

Table MDA.20: Income (loss) before other changes in net position *(in thousands of dollars)*

Fiscal year	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
2024	($50,479)	($23,338)	$667,318	$192,528	$593,875	$1,379,904
2023	(99,463)	131,158	334,118	370	(115,933)	250,250
2022	(92,993)	28,595	21,163	149,712	29,444	135,921

Table MDA.21a and **21b** present increases (decreases) in income (loss) before other changes in net position in 2024 and 2023, respectively.

Table MDA.21a: Increases (decreases) in income (loss) before other changes in net position in 2024 *(in millions of dollars)*

Location	Income (loss) before other changes in Net Position	Change percentage	Comments
Davis	$49.0	49.2%	Increase due to growth in patient volumes and favorable third party settlements from prior years.
Irvine	(154.5)	(117.8)	Decrease due to operating cost increases mainly from salaries, pension and retiree benefits were more than the operating revenue increases.
Los Angeles	333.2	99.7	Increase due to lower pension and OPEB costs driven by favorable market returns on pension assets, in-patient and outpatient volume growth, specialty and retail pharmacy, out-of-period third-party settlements and investment returns.
San Diego	192.2	51,934.6	Increase driven primarily by higher patient volumes and favorable third-party settlements from prior years.
San Francisco	709.8	612.3	Increase due to a significant improvement in operating margin and higher investment income. Improvements were largely driven by growth in outpatient volumes, FTE efficiency, increases in supplemental revenues and prior year settlements and reductions in pension expense.

Table MDA.21b: Increases (decreases) in income (loss) before other changes in net position in 2023 *(in millions of dollars)*

Location	Income (loss) before other changes in net position	Change percentage	Comments
Davis	($6.5)	(7.0%)	Decrease is primarily due to higher operating expenses, higher borrowing costs, lower Provider Relief Fund income offset by higher interest income and appreciation in fair value of investments.
Irvine	102.6	358.7	Increase mainly due to growth in net patient revenue outpacing the increase in operating costs, as well as investment income due to favorable market condition.
Los Angeles	313.0	1,478.8	The increase was primarily driven by an increase in patient volumes, favorable third-party settlements, net appreciation of investments and an increase in investment income.
San Diego	(149.3)	(99.8)	Decrease due to lower operating margin from increase in labor and non-labor expenses exceeding growth in revenue from higher patient volumes.
San Francisco	(145.4)	(493.7)	Decrease due to a decline in operating margin as the growth in both labor and non-labor expenses outpaced the growth in revenues. FTE growth outpaced volume growth as the recovery was slowed by the continued impact of COVID-19.

Other Changes in Net Position

The most significant line item in other changes in net position is health system support. Health system support includes amounts paid to the Schools of Medicine by the Medical Centers to fund the operating activities, clinical research and faculty practice plans, as well as other payments for various programs. Transfers from the respective campuses to fund capital projects are reported as contributions for building programs.

Table MDA.22 presents other changes in net position.

Table MDA.22: Other changes in net position *(in thousands of dollars)*

Fiscal Year	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
2024	($105,391)	($207,447)	($338,778)	($361,467)	($212,474)	($1,225,557)
2023	(173,289)	(63,760)	(258,418)	(276,730)	(161,635)	(933,832)
2022	(182,890)	(76,797)	(263,777)	(284,438)	(171,237)	(979,139)

Tables MDA.23a and **23b** present increases (decreases) in other changes in net position in 2024 and 2023, respectively.

Table MDA.23a: Increases (decreases) in other changes in net position in 2024 *(in millions of dollars)*

Location	Other changes in net position	Change percentage	Comments
Davis	$67.9	39.2%	Change is due to change in pension allocation and lower payments for health system support.
Irvine	(143.7)	(225.4)	Increase due to additional health system support provided to the School of Medicine and increase in changes in allocation for pension payable to University.
Los Angeles	(80.4)	(31.1)	Decrease due to increased health system support.
San Diego	(84.7)	(30.6)	Driven mainly by an increase in health system support.
San Francisco	(50.8)	(31.5)	Decline is due to higher health system support. Increases in health system support were driven by favorable volumes and financial performance.

Table MDA.23b: Increases in other changes in net position in 2023 *(in millions of dollars)*

Location	Other changes in net position	Change percentage	Comments
Davis	$9.6	5.2%	Change is due to contributions for building program offset by change in pension allocation and higher payments for health system support.
Irvine	13.0	17.0	Increase was mainly due to additional Medi-Cal Managed Care supplemental funding.
Los Angeles	5.4	2.0	Increase due to higher market returns on pension assets resulting in a decrease in the pension payable to University partially offset by higher payments for health system support.
San Diego	7.7	2.7	Increase driven by higher market returns on pension assets resulting in a decrease to the pension payable to the University, which was partially offset by lower health system support.
San Francisco	9.6	5.6	Increase due to favorable changes in the pension payable to the University compared to prior year.

Condensed Statements of Net Position

Tables MDA.24a, **24b** and **24c** present condensed statements of net position at June 30, 2024, 2023 and 2022, respectively.

Table MDA.24a: Condensed statements of net position at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Current assets						
Cash and cash equivalents	$708,316	$633,455	$1,965,849	$428,750	$2,789,643	$6,526,013
Net patient accounts receivable	648,588	422,644	605,336	530,701	1,165,858	3,373,127
Short-term investments and other current assets	270,117	191,910	573,589	168,576	337,963	1,542,155
Current assets	**1,627,021**	**1,248,009**	**3,144,774**	**1,128,027**	**4,293,464**	**11,441,295**
Restricted assets	292,926	8,308	288,424	60,090	735,559	1,385,307
Capital assets, net	2,896,632	2,398,734	2,101,106	1,904,573	3,840,379	13,141,424
Investments and other noncurrent assets	128,691	35,399	457,475	93,501	338,090	1,053,156
Noncurrent assets	**3,318,249**	**2,442,441**	**2,847,005**	**2,058,164**	**4,914,028**	**15,579,887**
Total assets	**4,945,270**	**3,690,450**	**5,991,779**	**3,186,191**	**9,207,492**	**27,021,182**
Deferred outflows of resources	**639,283**	**1,460,801**	**554,471**	**587,344**	**876,253**	**4,118,152**
Liabilities						
Current liabilities	946,324	1,300,767	856,741	520,630	1,749,626	5,374,088
Long-term debt, net of current portion	1,725,948	1,396,586	1,917,335	1,331,357	2,580,513	8,951,739
Net pension liability	1,344,486	936,602	1,194,585	1,024,015	1,800,409	6,300,097
Net retiree health benefits liability	1,495,319	1,050,984	1,343,961	1,139,851	2,018,376	7,048,491
Other noncurrent liabilities	614,589	377,951	502,147	544,562	770,061	2,809,310
Total liabilities	**6,126,666**	**5,062,890**	**5,814,769**	**4,560,415**	**8,918,985**	**30,483,725**
Deferred inflows of resources	**855,969**	**631,080**	**880,388**	**679,993**	**1,465,704**	**4,513,134**
Net position						
Net investment in capital assets	1,234,219	655,452	406,873	565,782	1,816,526	4,678,852
Restricted		33	11,895	5,837	138,082	155,847
Unrestricted	(2,632,301)	(1,198,204)	(567,675)	(2,038,492)	(2,255,552)	(8,692,224)
Total net position	**($1,398,082)**	**($542,719)**	**($148,907)**	**($1,466,873)**	**($300,944)**	**($3,857,525)**

Table MDA.24b: Condensed statements of net position at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Current assets						
Cash and cash equivalents	$640,919	$833,231	$1,753,150	$416,246	$2,290,279	$5,933,825
Net patient accounts receivable	594,466	208,260	522,964	455,539	1,016,082	2,797,311
Short-term investments and other current assets	345,826	169,676	481,154	179,814	249,981	1,426,451
Current assets	**1,581,211**	**1,211,167**	**2,757,268**	**1,051,599**	**3,556,342**	**10,157,587**
Restricted assets	801,935	399,194	574,604	221,248	1,261,161	3,258,142
Capital assets, net	2,239,609	1,459,968	1,863,368	1,564,699	3,463,186	10,590,830
Investments and other noncurrent assets	184,531	18,595	451,518	83,193	323,909	1,061,746
Noncurrent assets	**3,226,075**	**1,877,757**	**2,889,490**	**1,869,140**	**5,048,256**	**14,910,718**
Total assets	**4,807,286**	**3,088,924**	**5,646,758**	**2,920,739**	**8,604,598**	**25,068,305**
Deferred outflows of resources	**816,326**	**313,091**	**561,896**	**551,023**	**1,203,947**	**3,446,283**
Liabilities						
Current liabilities	751,507	492,330	748,198	481,115	1,606,151	4,079,301
Long-term debt, net of current portion	1,747,986	1,334,947	1,927,562	1,113,312	2,618,781	8,742,588
Net pension liability	1,529,126	681,741	1,374,737	1,078,132	2,215,442	6,879,178
Net retiree health benefits liability	1,621,188	702,471	1,448,495	1,133,878	2,324,959	7,230,991
Other noncurrent liabilities	552,481	225,915	486,869	489,729	764,359	2,519,353
Total liabilities	**6,202,288**	**3,437,404**	**5,985,861**	**4,296,166**	**9,529,692**	**29,451,411**
Deferred inflows of resources	**663,536**	**276,545**	**688,959**	**473,530**	**961,198**	**3,063,768**
Net position						
Net investment in capital assets	1,169,717	496,518	454,045	617,509	1,920,804	4,658,593
Restricted		33	25,282	168	134,022	159,505
Unrestricted	(2,411,929)	(808,485)	(945,493)	(1,915,611)	(2,737,171)	(8,818,689)
Total net position	**($1,242,212)**	**($311,934)**	**($466,166)**	**($1,297,934)**	**($682,345)**	**($4,000,591)**

Table MDA.24c: Condensed statements of net position at June 30, 2022 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Current assets						
Cash and cash equivalents	$668,276	$769,638	$1,631,612	$518,982	$2,346,629	$5,935,137
Net patient accounts receivable	434,784	157,553	484,003	421,080	943,743	2,441,163
Short-term investments and other current assets	334,433	100,391	447,540	158,543	242,006	1,282,913
Current assets	**1,437,493**	**1,027,582**	**2,563,155**	**1,098,605**	**3,532,378**	**9,659,213**
Restricted assets	1,152,866	677,534	543,441	252,881	1,389,458	4,016,180
Capital assets, net	1,939,788	1,140,143	1,852,673	1,600,665	3,104,406	9,637,675
Investments and other noncurrent assets	184,815	4,182	446,526	33,490	311,627	980,640
Noncurrent assets	**3,277,469**	**1,821,859**	**2,842,640**	**1,887,036**	**4,805,491**	**14,634,495**
Total assets	**4,714,962**	**2,849,441**	**5,405,795**	**2,985,641**	**8,337,869**	**24,293,708**
Deferred outflows of resources	**1,040,247**	**406,131**	**828,461**	**805,062**	**1,608,623**	**4,688,524**
Liabilities						
Current liabilities	636,549	449,523	752,982	509,098	1,538,862	3,887,014
Long-term debt, net of current portion	1,795,527	1,332,575	1,952,922	1,154,278	2,624,493	8,859,795
Net pension liability	1,527,815	679,417	1,430,028	1,108,138	2,294,993	7,040,391
Net retiree health benefits liability	1,429,502	623,548	1,338,495	1,028,874	2,041,112	6,461,531
Other noncurrent liabilities	540,170	203,037	474,239	493,122	715,478	2,426,046
Total liabilities	**5,929,563**	**3,288,100**	**5,948,666**	**4,293,510**	**9,214,938**	**28,674,777**
Deferred inflows of resources	**795,106**	**346,804**	**827,456**	**518,767**	**1,136,331**	**3,624,464**
Net position						
Net investment in capital assets	1,175,760	465,796	388,487	654,170	1,685,399	4,369,612
Restricted	5,380	33	24,810	345	135,808	166,376
Unrestricted	(2,150,600)	(845,161)	(955,163)	(1,676,089)	(2,225,984)	(7,852,997)
Total net position	**($969,460)**	**($379,332)**	**($541,866)**	**($1,021,574)**	**($404,777)**	**($3,317,009)**

Cash and Cash Equivalents

Tables MDA.25a and **25b** present increases (decreases) in cash and cash equivalents in 2024 and 2023, respectively.

Table MDA.25a: Increases (decreases) in cash and cash equivalents in 2024 *(in millions of dollars)*

Location	Change in cash and cash equivalents	Change percentage	Comments
Davis	$67.4	10.5%	Increase due to higher cash from operations and decreases in health system support.
Irvine	(199.8)	(24.0)	Decrease due to acquisition of four Tenet hospitals, and continued investment in capital assets.
Los Angeles	212.7	12.1	Increase due to strong cash flow from operations.
San Diego	12.5	3.0	Increase due to higher patient volumes.
San Francisco	499.4	21.8	Increase due to strong cash flow from operations.

Table MDA.25b: Increases (decreases) in cash and cash equivalents in 2023 *(in millions of dollars)*

Location	Change in cash and cash Equivalents	Change percentage	Comments
Davis	($27.4)	(4.1%)	Decrease due to continued investment in capital.
Irvine	63.6	8.3	Increase due to cash provided from strong performance in both operations and revenue cycle.
Los Angeles	121.5	7.4	Increase due to cash provided by strong performance in operations.
San Diego	(102.7)	(19.8)	Decrease due to continued labor premiums from labor market conditions, general inflation increases on various operating expenses and pharmaceutical price increases.
San Francisco	(56.4)	(2.4)	Decrease due to repayment of short-term Medicare advances and increased investments in capital assets and joint ventures.

Patient Accounts Receivable

Tables MDA.26a and **26b** present increases in patient accounts receivable, net of estimated uncollectible accounts, in 2024 and 2023, respectively.

Table MDA.26a: Increases in net patient accounts receivable in 2024 *(in millions of dollars)*

Location	Change in patient accounts receivable	Change percentage	Comments
Davis	$54.1	9.1%	Increase due to higher patient volume and timing of payments from payors.
Irvine	214.4	102.9	The increase is driven by the acquisition of four Tenet hospitals, higher patient volumes, and the timing of payments from payors.
Los Angeles	82.4	15.8	Increase due to higher patient volume and timing of payments from payors.
San Diego	75.2	16.5	Increase due to higher patient volume and the acquisition of a hospital.
San Francisco	149.8	14.7	Increase due to higher patient volume and timing of payments from payors.

Table MDA.26b: Increases in net patient accounts receivable in 2023 *(in millions of dollars)*

Location	Change in patient accounts receivable	Change percentage	Comments
Davis	$159.7	36.7%	Increase due to higher patient volume and timing of payments from payors.
Irvine	50.7	32.2	Increase due to growth in patient service revenue and timing of payments from payors.
Los Angeles	39.0	8.0	Increase due to higher patient volume and timing of payments from payors.
San Diego	34.5	8.2	Increase due to growth in patient volumes from higher average daily census and increases in surgeries and clinic visits.
San Francisco	72.3	7.7	Increase due to higher patient volume and timing of payments from payors.

Restricted Assets

Medical Center Pooled Revenue Bonds totaling $3.0 billion were issued in May 2022, primarily to finance future capital projects. Unspent proceeds and investment income earned on the proceeds from this issuance are invested in University investment pools.

Table MDA.27 presents restricted assets related to deposits held for hospital construction.

Table MDA.27: Restricted assets related to deposits held for hospital construction *(in thousands of dollars)*

Location	2024	2023	2022
Davis	$292,926	$801,935	$1,152,866
Irvine	8,308	399,194	677,534
Los Angeles	277,758	563,787	532,551
San Diego	60,090	221,248	252,881
San Francisco	607,667	1,127,029	1,256,908
Total	**$1,246,749**	**$3,113,193**	**$3,872,740**

Capital Assets

Table MDA.28a presents increases in net capital assets in 2024. **Table MDA.28b** presents increases (decreases) in net capital assets in 2023.

Table MDA.28a: Increases in net capital assets in 2024 *(in millions of dollars)*

Location	Change in capital assets	Change percentage	Comments
Davis	$657.0	29.3%	Increase due to significant ongoing construction projects.
Irvine	938.8	64.3	Increase due to the capital assets acquired through the Tenet acquisition and the ongoing construction of the Irvine Campus Medical Center complex.
Los Angeles	237.7	12.8	Increase due to the acquisition of West Valley Medical Center and West Hills Surgical Center, construction of the neuropsychiatric hospital, and the commencement of new long-term leases.
San Diego	339.9	21.7	Increase due to a $200 million hospital acquisition and the ongoing construction on an outpatient pavilion.
San Francisco	377.2	10.9	Increase due to ongoing construction projects, including the Helen Diller Hospital and Bayfront Medical Building.

Table MDA.28b: Increases (decreases) in net capital assets in 2023 *(in millions of dollars)*

Location	Change in capital assets	Change percentage	Comments
Davis	$299.8	15.5%	Increase due to significant ongoing construction projects.
Irvine	319.8	28.1	Increase due to the continuing construction of the Irvine Campus Medical Center complex.
Los Angeles	10.7	0.6	Increase due to the purchase of new assets which approximated annual depreciation.
San Diego	(36.0)	(2.2)	Annual depreciation expense exceeded capital expenditures for the year.
San Francisco	358.8	11.6	Increase due to major ongoing construction projects, including Helen Diller Hospital and Bayfront Medical Building and the commencement of new long-term leases.

Debt

In February 2024, General Revenue Bonds totaling $200.4 million were issued to finance the acquisition of certain facilities at UCSD Medical Center. The fixed-rate tax-exempt bonds mature in 2026 and have a stated weighted average interest rate of 5.0 percent.

In February 2023, General Revenue Bonds totaling $344.4 million of tax-exempt variable bonds were issued to refinance all or a portion of certain projects of the University through the refunding of certain bonds, including the outstanding Medical Center Pooled Revenue Bonds, 2013 Series J of $344.4 million. The bonds mature at various dates through 2048 and the interest rate resets each business day.

In May 2022, Medical Center Pooled Revenue Bonds totaling $3.0 billion, including $1.1 billion in taxable bonds, were issued for working capital purposes and to finance the acquisition, construction, improvement and renovation of certain facilities at the Medical Centers. The bonds mature at various dates through 2054 and have a stated weighted average interest rate of 4.5 percent.

The University has an internal working capital program that allows each Medical Center to receive internal advances. Advances may not exceed 60 percent of a Medical Center's accounts receivable for any working capital needs. Repayment of advances made to the Medical Centers under the working capital program is not collateralized by a pledge of revenues. At June 30, 2024, there were no outstanding advances to the Medical Centers except for San Diego of $40.0 million recorded as long-term debt.

The University has available a $2.0 billion commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim financing for capital projects or equipment, financing for working capital for the medical centers, standby or interim financing for gift-financed projects and working capital for the University. The University may also utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. At June 30, 2024, UC Irvine Medical Center utilized $647.1 million of tax-exempt commercial paper and $100.0 million in line of credit recorded as long-term debt.

Tables MDA.29a and **29b** present increases (decreases) in long-term debt, including the current portion, in 2024 and 2023, respectively.

Table MDA.29a: Increases (decreases) in debt in 2024 *(in millions of dollars)*

Location	Change in debt	Change percentage
Davis	($17.2)	(1.0%)
Irvine	818.4	60.1
Los Angeles	(4.0)	(0.2)
San Diego	224.8	19.2
San Francisco	(37.9)	(1.4)

Table MDA.29b: Increases (decreases) in debt in 2023 *(in millions of dollars)*

Location	Change in debt	Change percentage
Davis	($45.0)	(2.4%)
Irvine	4.8	0.4
Los Angeles	(23.5)	(1.2)
San Diego	(30.7)	(2.6)
San Francisco	(6.5)	(0.2)

Net Pension Liability

The University has financial responsibility for the payment of pension benefits associated with its defined benefit plans. The net pension liability related to UCRP is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year.

Table MDA.30 presents the Medical Centers' proportionate share and net pension liability related to UCRP.

Table MDA.30: UCRP proportionate share and net pension liability *(in thousands of dollars)*

Location	Proportionate share 2024	Net pension liability 2024	Proportionate share 2023	Net pension liability 2023	Proportionate share 2022	Net pension liability 2022
Davis	7.8%	$1,344,486	7.8%	$1,529,126	7.6%	$1,527,815
Irvine	5.3	923,324	3.4	667,084	3.3	670,850
Los Angeles	6.9	1,194,585	7.0	1,374,737	7.1	1,430,028
San Diego	5.9	1,024,015	5.5	1,078,132	5.5	1,108,138
San Francisco	10.4	1,800,362	11.1	2,164,448	10.8	2,175,275
Total	**36.3%**	**$6,286,772**	**34.8%**	**$6,813,527**	**34.3%**	**$6,912,106**

The changes in net pension liability are primarily driven by the investment performance of the UCRP investment portfolio. UCRP's total investment rate of return was 12.2 percent, 10.1 percent and (10.8) percent in 2024, 2023 and 2022, respectively. The discount rate used to estimate the net pension liability was 6.75 percent in 2024, 2023 and 2022.

The Irvine Medical Center's proportionate share of the net pension liability for the Orange County Employees Retirement System was $13.3 million, $14.7 million and $8.6 million at June 30, 2024, 2023 and 2022, respectively.

CHRCO is the sponsor of a single employer defined benefit plan. The net pension liability for CHRCO was $51.0 million, $119.7 million and $22.4 million at June 30, 2024, 2023 and 2022, respectively, and the liability is reported by San Francisco.

Net Retiree Health Benefits Liability

The University has a financial responsibility for providing retiree health benefits. The net retiree health benefits liability is allocated to the Medical Centers based on their proportionate share of covered compensation for the fiscal year.

Table MDA.31 presents the Medical Centers' proportionate share and net retiree health benefits liability.

Table MDA.31: Proportionate share and net retiree health benefits liability *(in thousands of dollars)*

Location	Proportionate share 2024	Net retiree health benefits liability 2024	Proportionate share 2023	Net retiree health benefits liability 2023	Proportionate share 2022	Net retiree health benefits liability 2022
Davis	7.4%	$1,495,319	7.5%	$1,621,188	7.3%	$1,429,502
Irvine	5.2	1,050,984	3.2	702,471	3.2	623,548
Los Angeles	6.6	1,343,961	6.7	1,448,495	6.8	1,338,495
San Diego	5.6	1,139,851	5.2	1,133,878	5.3	1,028,874
San Francisco	9.9	2,018,376	10.7	2,324,959	10.4	2,041,112
Total	**34.7%**	**$7,048,491**	**33.3%**	**$7,230,991**	**33.0%**	**$6,461,531**

The changes in the net retiree health benefits liability in 2024 were primarily driven by an actuarial loss from higher than projected health care premium rates. The changes in the net retiree health benefits liability in 2023 were primarily driven by the changes in the discount rates used to estimate the net retiree health benefits liability. The discount rate used to estimate the net retiree health benefits liability at June 30, 2024, 2023 and 2022 was 3.93 percent, 3.65 percent and 3.54 percent, respectively. The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCRHBT plan assets are not sufficient to make projected benefit payments.

Net Position

Net position represents the residual interest in the Medical Centers' assets and deferred outflows after all liabilities and deferred inflows are deducted. Net position is reported in the following categories: net investment in capital assets; restricted, nonexpendable; restricted, expendable; and unrestricted.

Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing its use must be classified as unrestricted for reporting purposes. Unrestricted net position is negative primarily due to obligations for pension and retiree health benefits exceeding the Medical Centers' reserves.

Liquidity and Capital Resources

Days Cash on Hand

Days cash on hand measures the average number of days' expenses the Medical Centers maintain in cash and unrestricted investments. The days cash on hand is adjusted for non-cash OPEB and UCRP expenses.

Table MDA.32 presents days cash on hand.

Table MDA.32: Days cash on hand

Location	2024	2023	2022
Davis	75	94	108
Irvine	108	186	188
Los Angeles	241	237	236
San Diego	48	53	74
San Francisco	165	149	171

Debt Service Coverage

The debt service coverage ratio measures the funds available to cover the principal and interest on long-term debt. Debt service coverage decreases as new debt is issued and fluctuates based on operating results.

Table MDA.33 presents debt service coverage ratios.

Table MDA.33: Debt service coverage ratios

Location	2024	2023	2022
Davis	2.7	3.9	3.9
Irvine	4.2	5.1	4.9
Los Angeles	8.5	6.9	4.0
San Diego	5.0	4.3	5.5
San Francisco	6.5	4.1	5.9

Looking Forward

Payments from Federal and State Health Care Programs

Entities doing business with governmental payors, including Medicare and Medicaid (Medi-Cal in California), are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors and intermediaries retained by the federal, state or local governments. Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees were received.

Hospital Facilities Seismic Safety Act

State of California Senate Bill 1953 (SB 1953), the Hospital Facilities Seismic Safety Act, requires hospitals to meet certain standards designed to yield predictable seismic performance, whether at the essential life safety level or post-earthquake continued operations level. Buildings used for acute care patient services must either be retrofitted by 2030 or the acute care services must be relocated, and the building must be closed, repurposed or demolished. The Medical Centers are continuing to address these seismic building requirements; however, the cost to construct replacement facilities or retrofit existing facilities to comply with the statutory requirements by 2030 cannot be estimated at this time.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the Medical Centers, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the Medical Centers expect or anticipate will or may occur in the future, contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The Medical Centers do not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.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Report of Independent Auditors

To The Regents of the University of California

Opinions

We have audited the accompanying financial statements of the University of California, Davis Medical Center, the University of California, Irvine Medical Center, the University of California, Los Angeles Medical Center, the University of California, San Diego Medical Center, and the University of California, San Francisco Medical Center (hereafter collectively referred to as the "University of California Medical Centers"), each of which is a department of the University of California (the "University"), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended, including the related notes, which comprise the basic financial statements of each of the University of California Medical Centers.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of each of the University of California Medical Centers as of June 30, 2024 and 2023, and the changes in each of their financial positions and each of their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements of each of the University of California Medical Centers are intended to present the financial position, and the changes in financial position and the cash flows of only that portion of the University of California that is attributable to the transactions of the respective University of California Medical Center. They do not purport to, and do not, present fairly the financial position of the University of California as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of California Medical Centers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 24 through 52 and the required supplementary information on pages 124 through 131 be presented to supplement the basic financial statements of the corresponding University of California Medical Center. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements of the corresponding University of California Medical Center in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises pages 3 through 22, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

San Francisco, California
November 18, 2024

Financial Statements

University of California Medical Centers — Statements of Net Position

At June 30, 2024 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Assets						
Cash and cash equivalents	$708,316	$633,455	$1,965,849	$428,750	$2,789,643	$6,526,013
Short-term investments			325,448			325,448
Net patient accounts receivable	648,588	422,644	605,336	530,701	1,165,858	3,373,127
Other receivables	76,306	16,183	79,958	47,338	97,613	317,398
Third-party payor settlements, net	65,765	76,396	23,687	24,537	34,793	225,178
Inventory	69,730	48,120	76,679	62,356	77,221	334,106
Prepaid expenses and other assets	58,316	51,211	67,817	34,345	128,336	340,025
Current assets	**1,627,021**	**1,248,009**	**3,144,774**	**1,128,027**	**4,293,464**	**11,441,295**
Restricted assets: Deposits held for hospital construction	292,926	8,308	277,758	60,090	607,667	1,246,749
Restricted assets: Donor funds			10,666		127,892	138,558
Capital assets, net	2,896,632	2,398,734	2,101,106	1,904,573	3,840,379	13,141,424
Investments in joint ventures	30,998	2,497	16,091	32,806	66,351	148,743
Investments		16,379	107,494		253,804	377,677
Other assets	97,693	16,523	333,890	60,695	17,935	526,736
Noncurrent assets	**3,318,249**	**2,442,441**	**2,847,005**	**2,058,164**	**4,914,028**	**15,579,887**
Total assets	**4,945,270**	**3,690,450**	**5,991,779**	**3,186,191**	**9,207,492**	**27,021,182**
Deferred outflows of resources	**639,283**	**1,460,801**	**554,471**	**587,344**	**876,253**	**4,118,152**
Liabilities						
Accounts payable and accrued expenses	285,256	176,850	385,242	227,935	483,467	1,558,750
Accrued salaries and benefits	282,995	172,655	329,266	176,197	515,072	1,476,185
Third-party payor settlements, net	150,914	156,348	57,485	54,811	626,664	1,046,222
Current portion of long-term debt	56,978	784,426	51,787	61,687	51,007	1,005,885
Other current liabilities	170,181	10,488	32,961		73,416	287,046
Current liabilities	**946,324**	**1,300,767**	**856,741**	**520,630**	**1,749,626**	**5,374,088**
Long-term debt, net of current portion	1,725,948	1,396,586	1,917,335	1,331,357	2,580,513	8,951,739
Net pension liability	1,344,486	936,602	1,194,585	1,024,015	1,800,409	6,300,097
Net retiree health benefits liability	1,495,319	1,050,984	1,343,961	1,139,851	2,018,376	7,048,491
Notes payable to campus				88,747		88,747
Pension payable to University	550,348	377,951	488,988	419,167	736,955	2,573,409
Interest rate swap agreements			13,159		895	14,054
Self-insurance					22,024	22,024
Other noncurrent liabilities	64,241			36,648	10,187	111,076
Noncurrent liabilities	**5,180,342**	**3,762,123**	**4,958,028**	**4,039,785**	**7,169,359**	**25,109,637**
Total liabilities	**6,126,666**	**5,062,890**	**5,814,769**	**4,560,415**	**8,918,985**	**30,483,725**
Deferred inflows of resources	**855,969**	**631,080**	**880,388**	**679,993**	**1,465,704**	**4,513,134**
Net position						
Net investment in capital assets	1,234,219	655,452	406,873	565,782	1,816,526	4,678,852
Restricted: Nonexpendable endowments and gifts			641		35,465	36,106
Restricted: Nonexpendable for minority interest			1,231			1,231
Restricted: Expendable		33	10,023	5,837	102,617	118,510
Unrestricted	(2,632,301)	(1,198,204)	(567,675)	(2,038,492)	(2,255,552)	(8,692,224)
Total net position	**($1,398,082)**	**($542,719)**	**($148,907)**	**($1,466,873)**	**($300,944)**	**($3,857,525)**

See accompanying notes to financial statements.

University of California Medical Centers — Statements of Net Position

As of June 30, 2023 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Assets						
Cash and cash equivalents	$640,919	$833,231	$1,753,150	$416,246	$2,290,279	$5,933,825
Short-term investments	153,611		290,328			443,939
Net patient accounts receivable	594,466	208,260	522,964	455,539	1,016,082	2,797,311
Other receivables	26,510	9,448	37,791	26,018	38,144	137,911
Third-party payor settlements, net	28,239	93,729	33,432	65,164	3,410	223,974
Inventory	59,252	27,018	63,545	57,761	80,836	288,412
Prepaid expenses and other assets	78,214	39,481	56,058	30,871	127,591	332,215
Current assets	**1,581,211**	**1,211,167**	**2,757,268**	**1,051,599**	**3,556,342**	**10,157,587**
Restricted assets: Deposits held for hospital construction	801,935	399,194	563,787	221,248	1,127,029	3,113,193
Restricted assets: Donor funds			10,817		134,132	144,949
Capital assets, net	2,239,609	1,459,968	1,863,368	1,564,699	3,463,186	10,590,830
Investments in joint ventures	24,040	432	13,085	28,786	56,456	122,799
Investments		15,311	96,271		248,743	360,325
Other assets	160,491	2,852	342,162	54,407	18,710	578,622
Noncurrent assets	**3,226,075**	**1,877,757**	**2,889,490**	**1,869,140**	**5,048,256**	**14,910,718**
Total assets	**4,807,286**	**3,088,924**	**5,646,758**	**2,920,739**	**8,604,598**	**25,068,305**
Deferred outflows of resources	**816,326**	**313,091**	**561,896**	**551,023**	**1,203,947**	**3,446,283**
Liabilities						
Accounts payable and accrued expenses	158,791	119,684	333,725	168,811	380,838	1,161,849
Accrued salaries and benefits	209,212	117,619	283,414	148,601	424,461	1,183,307
Third-party payor settlements, net	138,105	169,197	69,541	44,110	607,280	1,028,233
Current portion of long-term debt	52,154	27,665	45,547	54,958	50,630	230,954
Short-term advances					3,955	3,955
Other current liabilities	193,245	58,165	15,971	64,635	138,987	471,003
Current liabilities	**751,507**	**492,330**	**748,198**	**481,115**	**1,606,151**	**4,079,301**
Long-term debt, net of current portion	1,747,986	1,334,947	1,927,562	1,113,312	2,618,781	8,742,588
Net pension liability	1,529,126	681,741	1,374,737	1,078,132	2,215,442	6,879,178
Net retiree health benefits liability	1,621,188	702,471	1,448,495	1,133,878	2,324,959	7,230,991
Notes payable to campus				90,660		90,660
Pension payable to University	517,810	225,896	465,530	365,090	732,951	2,307,277
Interest rate swap agreements			21,339		1,408	22,747
Self-insurance					19,504	19,504
Other noncurrent liabilities	34,671	19		33,979	10,496	79,165
Noncurrent liabilities	**5,450,781**	**2,945,074**	**5,237,663**	**3,815,051**	**7,923,541**	**25,372,110**
Total liabilities	**6,202,288**	**3,437,404**	**5,985,861**	**4,296,166**	**9,529,692**	**29,451,411**
Deferred inflows of resources	**663,536**	**276,545**	**688,959**	**473,530**	**961,198**	**3,063,768**
Net position						
Net investment in capital assets	1,169,717	496,518	454,045	617,509	1,920,804	4,658,593
Restricted: Nonexpendable endowments and gifts			599		34,344	34,943
Restricted: Nonexpendable for minority interest			14,466			14,466
Restricted: Expendable		33	10,217	168	99,678	110,096
Unrestricted	(2,411,929)	(808,485)	(945,493)	(1,915,611)	(2,737,171)	(8,818,689)
Total net position	**($1,242,212)**	**($311,934)**	**($466,166)**	**($1,297,934)**	**($682,345)**	**($4,000,591)**

See accompanying notes to financial statements.

University of California Medical Centers — Statements of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2024 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Net patient service revenue	$3,613,207	$2,323,366	$3,824,877	$3,563,065	$7,355,765	$20,680,280
Other operating revenue: Clinical teaching support		7,882	13,467			21,349
Other operating revenue: Grants and contracts					11,498	11,498
Other operating revenue: Other	167,147	155,987	391,232	159,595	251,135	1,125,096
Total other operating revenue	**167,147**	**163,869**	**404,699**	**159,595**	**262,633**	**1,157,943**
Total operating revenue	**3,780,354**	**2,487,235**	**4,229,576**	**3,722,660**	**7,618,398**	**21,838,223**
Operating expenses						
Salaries and wages	1,639,897	919,962	1,546,999	1,277,720	2,563,865	7,948,443
Pension benefits	291,874	258,345	243,796	221,825	391,317	1,407,157
Retiree health benefits	84,804	102,876	37,718	86,791	120,308	432,497
Other employee benefits	375,435	203,846	288,943	297,438	528,672	1,694,334
Professional services	163,456	28,895	46,006	106,109	1,338,752	1,683,218
Medical supplies	708,974	513,026	738,203	983,910	1,278,315	4,222,428
Other supplies and purchased services	260,607	290,338	562,221	310,222	544,528	1,967,916
Depreciation and amortization	162,823	127,020	164,283	123,493	224,986	802,605
Insurance and other	96,306	71,578	77,864	116,889	145,680	508,317
Total operating expenses	**3,784,176**	**2,515,886**	**3,706,033**	**3,524,397**	**7,136,423**	**20,666,915**
Income (loss) from operations	**(3,822)**	**(28,651)**	**523,543**	**198,263**	**481,975**	**1,171,308**
Nonoperating revenues (expenses)						
Direct government grants	1,151	10,342	38,487	2,976	11,717	64,673
Hospital fee program grants	16,800	8,700	13,746	14,224	19,296	72,766
Investment income	39,179	39,668	101,560	20,676	130,914	331,997
Build America Bonds federal interest subsidies		3,367	2,936	2,403	14,510	23,216
Private gifts, net					27,025	27,025
Net appreciation (depreciation) in fair value of investments	(22,009)	9,651	53,606		41,909	83,157
Interest expense	(68,033)	(66,166)	(70,748)	(42,306)	(119,963)	(367,216)
Loss on disposal of capital assets	(313)	(1,895)	(1,081)	(523)	(4,646)	(8,458)
Other	(13,432)	1,646	5,269	(3,185)	(8,862)	(18,564)
Net nonoperating revenues (expenses)	**(46,657)**	**5,313**	**143,775**	**(5,735)**	**111,900**	**208,596**
Income (loss) before other changes in net position	**(50,479)**	**(23,338)**	**667,318**	**192,528**	**593,875**	**1,379,904**
Other changes in net position						
Donated assets		5,472	319	6,437	306	12,534
Contributions (distributions) for building programs	22,889				(2,719)	20,170
Transfers from (to) University, net	(38,467)	71,899	11,570	(12,971)		32,031
Changes in allocation for pension payable to University	7,019	(132,001)	11,226	(25,381)	48,964	(90,173)
Health system support	(96,832)	(152,817)	(361,893)	(329,552)	(259,025)	(1,200,119)
Other changes in net position	**(105,391)**	**(207,447)**	**(338,778)**	**(361,467)**	**(212,474)**	**(1,225,557)**
Change in net position	**(155,870)**	**(230,785)**	**328,540**	**(168,939)**	**381,401**	**154,347**
Net position						
Beginning of year, as previously reported	(1,242,212)	(311,934)	(466,166)	(1,297,934)	(682,345)	(4,000,591)
Change to or within the financial reporting entity			(11,281)			(11,281)
Beginning of year, as restated	**(1,242,212)**	**(311,934)**	**(477,447)**	**(1,297,934)**	**(682,345)**	**(4,011,872)**
End of year	**($1,398,082)**	**($542,719)**	**($148,907)**	**($1,466,873)**	**($300,944)**	**($3,857,525)**

See accompanying notes to financial statements.

University of California Medical Centers — Statements of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2023 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Net patient service revenue	$3,277,414	$1,825,214	$3,522,636	$3,058,233	$6,434,135	$18,117,632
Other operating revenue: Clinical teaching support		7,882	13,467			21,349
Other operating revenue: Grants and contracts					4,085	4,085
Other operating revenue: Other	152,023	148,241	247,915	198,155	380,891	1,127,225
Total other operating revenue	**152,023**	**156,123**	**261,382**	**198,155**	**384,976**	**1,152,659**
Total operating revenue	**3,429,437**	**1,981,337**	**3,784,018**	**3,256,388**	**6,819,111**	**19,270,291**
Operating expenses						
Salaries and wages	1,491,541	730,192	1,456,678	1,217,545	2,505,214	7,401,170
Pension benefits	413,722	175,667	347,961	285,089	627,522	1,849,961
Retiree health benefits	106,942	37,439	56,102	84,758	175,423	460,664
Other employee benefits	332,811	146,092	258,705	242,012	453,408	1,433,028
Professional services	141,366	12,962	37,975	89,155	1,155,658	1,437,116
Medical supplies	601,503	414,506	644,761	841,223	1,148,671	3,650,664
Other supplies and purchased services	236,270	202,961	483,253	258,238	526,467	1,707,189
Depreciation and amortization	164,256	110,465	159,035	125,768	222,045	781,569
Insurance and other	95,129	40,813	70,933	100,487	111,739	419,101
Total operating expenses	**3,583,540**	**1,871,097**	**3,515,403**	**3,244,275**	**6,926,147**	**19,140,462**
Income (loss) from operations	**(154,103)**	**110,240**	**268,615**	**12,113**	**(107,036)**	**129,829**
Nonoperating revenues (expenses)						
Direct government grants	33,780	21,618	1,607		299	57,304
Hospital fee program grants	8,809	6,184	5,804	10,241	10,845	41,883
Investment income	51,870	35,434	64,170	13,754	58,076	223,304
Build America Bonds federal interest subsidies		3,380	3,004	2,418	15,052	23,854
Private gifts, net					24,569	24,569
Net appreciation in fair value of investments	31,353	8,332	56,313		35,278	131,276
Interest expense	(69,258)	(55,713)	(71,041)	(44,308)	(123,364)	(363,684)
Loss on disposal of capital assets	(1,236)	(39)	(134)	(362)	(2,498)	(4,269)
Other	(678)	1,722	5,780	6,514	(27,154)	(13,816)
Net nonoperating revenues (expenses)	**54,640**	**20,918**	**65,503**	**(11,743)**	**(8,897)**	**120,421**
Income (loss) before other changes in net position	**(99,463)**	**131,158**	**334,118**	**370**	**(115,933)**	**250,250**
Other changes in net position						
Donated assets		8,420	362	1,131	(7,886)	2,027
Contributions (distributions) for building programs	20,875	128		(248)	(1,654)	19,101
Transfers from (to) University, net	(30,952)	52,735	11,570	(11,700)		21,653
Changes in allocation for pension payable to University	(12,400)	(6,361)	5,255	(60)	(14,954)	(28,520)
Health system support	(150,812)	(118,682)	(275,605)	(265,853)	(137,141)	(948,093)
Other changes in net position	**(173,289)**	**(63,760)**	**(258,418)**	**(276,730)**	**(161,635)**	**(933,832)**
Change in net position	**(272,752)**	**67,398**	**75,700**	**(276,360)**	**(277,568)**	**(683,582)**
Net position						
Beginning of year	(969,460)	(379,332)	(541,866)	(1,021,574)	(404,777)	(3,317,009)
End of year	**($1,242,212)**	**($311,934)**	**($466,166)**	**($1,297,934)**	**($682,345)**	**($4,000,591)**

See accompanying notes to financial statements.

University of California Medical Centers — Statements of Cash Flows

For the year ended June 30, 2024 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Cash flows from operating activities:						
Receipts from patients and third-party payors	$3,454,048	$2,075,318	$3,753,720	$3,539,231	$7,125,548	$19,947,865
Payments to employees	(1,583,888)	(864,927)	(1,518,679)	(1,250,124)	(2,497,996)	(7,715,614)
Payments to suppliers	(1,128,895)	(752,218)	(1,330,260)	(1,488,294)	(3,072,013)	(7,771,680)
Payments for benefits	(603,923)	(343,969)	(504,200)	(464,682)	(856,472)	(2,773,246)
Other receipts	202,778	75,947	286,716	94,510	114,061	774,012
Net cash provided by operating activities	**340,120**	**190,151**	**687,297**	**430,641**	**813,128**	**2,461,337**
Cash flows from noncapital financing activities:						
Health system support	(96,832)	(152,817)	(361,893)	(329,552)	(259,025)	(1,200,119)
Direct government grants	1,151	10,342	38,487	2,976	11,717	64,673
Hospital fee program grants	8,482	8,700	13,746	14,224	9,642	54,794
Transfers from (to) University, net	(38,467)	91,953	11,570	(12,990)		52,066
Gifts received for other than capital purposes					28,060	28,060
Net cash used by noncapital financing activities	**(125,666)**	**(41,822)**	**(298,090)**	**(325,342)**	**(209,606)**	**(1,000,526)**
Cash flows from capital and related financing activities:						
Contributions for building programs	22,889					22,889
Proceeds from financing obligations and other borrowings		747,074		261,174		1,008,248
Build America Bonds federal interest subsidies		3,367	2,936	2,403	14,547	23,253
Proceeds from the sale of capital assets				19		19
Purchases of capital assets	(728,026)	(461,487)	(151,337)	(242,420)	(590,757)	(2,174,027)
Cash paid for acquisitions, net of cash acquired		(980,651)	(296,765)	(200,046)		(1,477,462)
Refinancing or prepayment of outstanding debt					(1,132)	(1,132)
Principal paid on long-term debt	(47,899)	(32,412)	(47,956)	(55,842)	(48,135)	(232,244)
Interest paid on long-term debt	(71,309)	(67,561)	(75,497)	(44,939)	(123,421)	(382,727)
Gifts and donated funds		5,472	319	6,437	(2,415)	9,813
Other nonoperating receipts (payments)	7,032	1,888	3,009	2,605	(28,395)	(13,861)
Net cash used by capital and related financing activities	**(817,313)**	**(784,310)**	**(565,291)**	**(270,609)**	**(779,708)**	**(3,217,231)**
Cash flows from investing activities:						
Investment income received	38,428	39,668	99,352	20,676	169,739	367,863
Contributions to investments in joint ventures, net	(7,539)	(2,133)	(4,012)	(4,020)	(15,063)	(32,767)
Purchase of investments		(1,068)	(7,765)		(2,669)	(11,502)
Proceeds from sales and maturities of investments	131,602				10,952	142,554
Change in restricted assets	509,009	400,537	301,208	161,158	512,591	1,884,503
Other nonoperating payments	(1,244)	(799)				(2,043)
Net cash provided by investing activities	**670,256**	**436,205**	**388,783**	**177,814**	**675,550**	**2,348,608**
Net change in cash and cash equivalents	**67,397**	**(199,776)**	**212,699**	**12,504**	**499,364**	**592,188**
Cash and cash equivalents, beginning of year	640,919	833,231	1,753,150	416,246	2,290,279	5,933,825
Cash and cash equivalents, end of year	**$708,316**	**$633,455**	**$1,965,849**	**$428,750**	**$2,789,643**	**$6,526,013**

University of California Medical Centers — Statements of Cash Flows *(Continued)*

For the year ended June 30, 2024 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Reconciliation of income (loss) from operations to net cash provided by operating activities:						
Income (loss) from operations	($3,822)	($28,651)	$523,543	$198,263	$481,975	$1,171,308
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:						
Depreciation and amortization expense	162,823	127,020	164,283	123,493	224,986	802,605
Allowance for uncollectible accounts	76,745	102,693	119,168	28,444	113,502	440,552
Changes in operating assets and liabilities:						
Patient accounts receivable	(130,867)	(317,077)	(199,334)	(103,606)	(263,278)	(1,014,162)
Other receivables	(41,478)	(5,868)	(40,253)	(21,320)	(57,792)	(166,711)
Inventory	(10,478)	(2,676)	(7,818)	(4,595)	3,614	(21,953)
Prepaid expenses and other assets	19,898	(7,372)	(11,378)	(2,143)	(745)	(1,740)
Other assets	6,972	(147)	2,756		7,311	16,892
Accounts payable and accrued expenses	68,350	90,089	27,165	56,895	96,929	339,428
Accrued salaries and benefits	73,783	55,036	45,852	27,596	90,611	292,878
Third-party payor settlements, net	(24,717)	4,484	(2,311)	51,328	(2,345)	26,439
Short-term advances					(3,956)	(3,956)
Other liabilities	5,482	(48,478)	16,899	(65,086)	(34,247)	(125,430)
Pension benefits	93,557	140,882	46,987	84,500	91,831	457,757
Retiree health benefits	43,872	80,216	1,738	56,872	64,732	247,430
Net cash provided by operating activities	**$340,120**	**$190,151**	**$687,297**	**$430,641**	**$813,128**	**$2,461,337**
Supplemental noncash activities information						
Payables for property and equipment	$129,172	$38	$23,286	$255	$43,562	$196,313
Capital assets acquired through leases	35,906	88,465	36,656	16,378	12,728	190,133
Capital assets acquired through subscription-based information technology arrangements (SBITAs)	31,217	18,287	20,602	12,023	881	83,010
Change in reporting entity			(11,281)			(11,281)
Noncash assets received and liabilities assumed in an acquisition		(31,600)	1,614			(29,986)
Change in fair value of investments		489	38,578		3,083	42,150
Amortization of bond premium	3,732	2,205	5,798	4,837	2,288	18,860
Capital asset transfers from the University				19		19
Change in fair value of interest rate swaps	97	28	7,607	7,618	513	15,863
Amortization of borrowing for off-the-market interest rate swap and deferred cost of issuance			(1,145)			(1,145)
Beneficial interests in irrevocable split-interest agreements					16,639	16,639

See accompanying notes to financial statements.

University of California Medical Centers — Statements of Cash Flows

For the year ended June 30, 2023 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Cash flows from operating activities:						
Receipts from patients and third-party payors	$3,183,019	$1,695,578	$3,407,071	$3,001,958	$6,356,389	$17,644,015
Payments to employees	(1,509,962)	(726,218)	(1,439,675)	(1,223,494)	(2,431,620)	(7,330,969)
Payments to suppliers	(1,092,200)	(622,468)	(1,089,532)	(1,326,187)	(2,859,020)	(6,989,407)
Payments for benefits	(536,895)	(254,339)	(483,754)	(386,855)	(814,010)	(2,475,853)
Other receipts	188,175	125,855	195,477	202,461	297,954	1,009,922
Net cash provided by operating activities	**232,137**	**218,408**	**589,587**	**267,883**	**549,693**	**1,857,708**
Cash flows from noncapital financing activities:						
Health system support	(150,812)	(118,682)	(275,605)	(265,853)	(137,141)	(948,093)
Direct government grants	33,780	21,618	1,607		299	57,304
Hospital fee program grants	9,110	6,184	5,804	10,240	10,845	42,183
Transfers from (to) University, net	(30,952)	69,790	9,168	(11,700)		36,306
Gifts received for other than capital purposes					25,470	25,470
Repayment of notes payable to campus		(5,158)				(5,158)
Net cash used by noncapital financing activities	**(138,874)**	**(26,248)**	**(259,026)**	**(267,313)**	**(100,527)**	**(791,988)**
Cash flows from capital and related financing activities:						
Contributions (distributions) for building programs	20,875	128		(248)		20,755
Proceeds from financing obligations and other borrowings	3,975	755	43,345	297,683	525	346,283
Build America Bonds federal interest subsidies		3,380	4,527	2,418	22,581	32,906
Proceeds from the sale of capital assets	426			689		1,115
Purchases of capital assets	(459,013)	(365,657)	(141,240)	(71,842)	(523,057)	(1,560,809)
Refinancing or prepayment of outstanding debt	(3,975)	(755)	(43,345)	(296,435)	(525)	(345,035)
Principal paid on long-term debt	(42,183)	(25,669)	(45,873)	(44,049)	(49,129)	(206,903)
Interest paid on long-term debt	(73,657)	(57,752)	(75,977)	(50,100)	(124,114)	(381,600)
Gifts and donated funds		8,420	362	1,130	(9,539)	373
Other nonoperating receipts (payments)	(1,358)	1,874	(626)	8,687	(5,690)	2,887
Net cash used by capital and related financing activities	**(554,910)**	**(435,276)**	**(258,827)**	**(152,067)**	**(688,948)**	**(2,090,028)**
Cash flows from investing activities:						
Investment income received	51,047	32,718	64,170	13,754	58,076	219,765
Distributions from (contributions to) investments in joint ventures, net	4,751		5,433	3,374	(29,483)	(15,925)
Purchase of investments	(2,682)	(15,000)	(11,799)		(2,643)	(32,124)
Proceeds from sales and maturities of investments					1,555	1,555
Change in restricted assets	372,883	289,045	(12,191)	31,633	155,927	837,297
Other nonoperating receipts (payments)	8,291	(54)	4,191			12,428
Net cash provided by investing activities	**434,290**	**306,709**	**49,804**	**48,761**	**183,432**	**1,022,996**
Net change in cash and cash equivalents	(27,357)	63,593	121,538	(102,736)	(56,350)	(1,312)
Cash and cash equivalents, beginning of year	668,276	769,638	1,631,612	518,982	2,346,629	5,935,137
Cash and cash equivalents, end of year	**$640,919**	**$833,231**	**$1,753,150**	**$416,246**	**$2,290,279**	**$5,933,825**

University of California Medical Centers — Statements of Cash Flows *(Continued)*

For the year ended June 30, 2023 (in thousands of dollars)

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total *(memorandum only)*
Reconciliation of income (loss) from operations to net cash provided by operating activities:						
Income (loss) from operations	($154,103)	$110,240	$268,615	$12,113	($107,036)	$129,829
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:						
Depreciation and amortization expense	164,256	110,465	159,035	125,768	222,045	781,569
Allowance for uncollectible accounts	76,819	73,537	82,944	28,056	90,096	351,452
Changes in operating assets and liabilities:						
Patient accounts receivable	(236,501)	(124,244)	(121,905)	(62,514)	(162,435)	(707,599)
Other receivables	1,427	2,769	8,028	10,104	9,050	31,378
Inventory	(6,545)	1,334	141	(5,842)	(10,144)	(21,056)
Prepaid expenses and other assets	(3,884)	(7,480)	(56)	(968)	(14,539)	(26,927)
Other assets	1,548	(156)			14,442	15,834
Accounts payable and accrued expenses	8,698	14,107	77,092	(29,011)	(5,433)	65,453
Accrued salaries and benefits	(25,610)	3,974	(6,481)	(5,949)	43,471	9,405
Third-party payor settlements, net	83,956	(63,378)	(30,878)	(21,817)	55,591	23,474
Short-term advances			(45,997)		(38,415)	(84,412)
Other liabilities	10,707	(7,619)	(3,453)	(7,060)	(17,515)	(24,940)
Pension benefits	241,363	83,426	179,399	166,081	348,069	1,018,338
Retiree health benefits	70,006	21,433	23,103	58,922	122,446	295,910
Net cash provided by operating activities	**$232,137**	**$218,408**	**$589,587**	**$267,883**	**$549,693**	**$1,857,708**
Supplemental noncash activities information						
Payables for property and equipment	$71,057	$32,961	$20,339	$1,882	$37,621	$163,860
Capital assets acquired through leases	33,186	37,469	17,296	16,201	46,137	150,289
Capital assets acquired through subscription-based information technology arrangements (SBITAs)	7,782	990	22,275	1,043	1,221	33,311
Amortization of bond premium	4,241	2,299	6,041	3,534	2,285	18,400
Capital asset transfers from the University		128				128
Change in fair value of interest rate swaps	1,148	257	8,162	87,237	1,889	98,693
Amortization of borrowing for off-the-market interest rate swap			(1,043)			(1,043)
Beneficial interests in irrevocable split-interest agreements					15,588	15,588

See accompanying notes to financial statements.

University of California Medical Center Pooled Group

Notes to Financial Statements

Years ended June 30, 2024 and 2023

1. Organization

The University of California Medical Centers (the Medical Centers) are operating units of the University of California (the University), a California public corporation under Article IX, Section 9 of the California Constitution. Since a majority of the regents are appointed by the governor and approved by the state senate, the University is a component unit of the state of California. The University is administered by The Regents of the University of California (The Regents) of which, under the formation documents of the University, administrative authority with respect to the Medical Centers is vested in the President of the University. The Medical Centers consist of the University of California, Davis Medical Center (UC Davis Medical Center or Davis), the University of California, Irvine Medical Center (UC Irvine Medical Center or Irvine), the University of California, Los Angeles Medical Center (UCLA Medical Center or Los Angeles), the University of California, San Diego Medical Center (UC San Diego Medical Center or San Diego) and the University of California, San Francisco Medical Center (UCSF Medical Center or San Francisco). The Medical Centers provide educational and clinical opportunities for students in the University's Schools of Medicine (Schools of Medicine) and offer a comprehensive array of medical services including tertiary and quaternary care services.

The financial statements of the Medical Centers present the financial position, and the changes in financial position and cash flows, of only that portion of the University that is attributable to the transactions of the Medical Centers.

The Regents is the sole corporate and voting member of Children's Hospital & Research Center Oakland (CHRCO), a private, not-for-profit 501(c)(3) corporation. Children's Hospital & Research Center Foundation, a nonprofit public benefit corporation, is organized and operated for the purpose of supporting CHRCO. Since San Francisco provides certain management services for CHRCO, the San Francisco Medical Center's financial statements include CHRCO, combined with its foundation, a blended component unit of the University of California.

Acquisitions

UC Irvine Medical Center

In March 2024, the Regents, on behalf of UC Irvine Medical Center, consummated an Asset Purchase Agreement with a third-party, Tenet Healthcare Corporation. The total cash consideration for the acquisition was approximately $982.8 million. UC Irvine Medical Center acquired a substantial portion of the assets integral to the operations of four hospitals: Fountain Valley Regional Hospital and Medical Center, Lakewood Regional Medical Center, Los Alamitos Medical Center and Placentia Linda Hospital, resulting in an additional 858 inpatient beds (collectively, the Community Network Hospitals). Additionally, the acquisition includes the purchase of a 51 percent membership interest in Pacific Endoscopy and Surgery Center, LLC (PESC); 66 percent membership interest in Reagan Street Surgery Center, LLC (RSS); 35 percent membership interest in Los Alamitos Imaging Center, LLC (LAIC); and substantially all the assets of New Hope Imaging Center, Inc. (NHIC) and First Choice Physician Partners (FCPP) physician group. The purpose of the acquisition is to expand community-based health care through academic excellence, cutting-edge research, dedicated public service, and offering more people across Southern California access to the highest caliber of health care.

The Community Network Hospitals, NHIC, and FCPP are part of the University and are included in UC Irvine Medical Center's financial statements. PESC and RSS are discretely presented component units of the University, and management elected not to include them in the UC Irvine Medical Center's financial statements. The majority interests in PESC and RSS are accounted for using the equity method. Additionally, LAIC is accounted for using the equity method.

With the exception of PESC, RSS and LAIC, the acquisition was accounted for as a government combination with assets acquired and liabilities assumed measured at their acquisition value.

The consideration provided was assigned as follows in **Table 1.1**.

Table 1.1: Consideration provided, identifiable assets acquired and liabilities assumed *(in thousands of dollars)*

Description	Subtotal	Total
Consideration provided		
Cash consideration	$982,784	
Less: Membership interests	(2,133)	
Total consideration provided		$980,651
Identifiable assets acquired and liabilities assumed		
Inventory	18,426	
Prepaid expenses and other assets	4,358	
Capital assets	560,011	
Other assets	6,521	
Current portion of long-term debt	(3,280)	
Long-term debt, net of current portion	(28,320)	
Net position acquired		557,716
Deferred inflow of resources		
Leases		(6,521)
Deferred outflow of resources		
Excess consideration provided for acquisition		$429,456

UCLA Medical Center

In March 2024, the Regents, on behalf of UCLA Medical Center, consummated an Asset Purchase Agreement with a third-party, HCA Healthcare, Inc. The total cash consideration for the acquisition was approximately $296.8 million. UCLA Medical Center acquired West Hills Hospital and Medical Center, a 260-bed community hospital, and 100 percent of the equity interests in Surgicare of West Hills, Inc. (Surgicare), which owns a 53.33 percent general and limited partnership interest in West Hill Surgical Center Ltd. (WHSC), an outpatient ambulatory surgery center. The purpose of the acquisition is to address hospital inpatient capacity needs, enabling UCLA Medical Center to provide world-class care to more patients across the region.

The acquisition was accounted for as a government combination, with Surgicare and WHSC reported as a blended component unit of UCLA Medical Center. UCLA Medical Center recognized the assets acquired and liabilities assumed at their acquisition value, except for the assets and liabilities of WHSC, which were recognized at their carrying values.

The consideration provided was assigned as follows in **Table 1.2**.

Table 1.2: Consideration provided, identifiable assets acquired and liabilities assumed *(in thousands of dollars)*

Description	Subtotal	Total
Consideration provided		
Total cash consideration provided		$296,818
Identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$99	
Net patient accounts receivable	2,206	
Inventory	5,316	
Prepaid expenses and other assets	1,980	
Capital assets	175,379	
Other assets	3,182	
Accounts payable and accrued expenses	(683)	
Other current liabilities	(383)	
Long-term debt, net of current portion	(2,780)	
Minority interest	(1,660)	
Net position acquired		182,656
Deferred outflow of resources		
Excess consideration provided for acquisition		$114,162

UC San Diego Medical Center

In December 2023, the Regents, on behalf of UC San Diego Medical Center consummated an Asset Purchase Agreement with a third-party, Prime Healthcare Services, Inc. The total cash consideration for the acquisition was approximately $200.0 million. UC San Diego Medical Center acquired Alvarado Hospital Medical Center, a 302-bed community hospital. The acquired assets did not include hospital licenses or provider numbers. The acquisition greatly expands UC San Diego Medical Center's growing network of clinics and hospitals to better serve patients with safe, timely and equitable access to high-quality health care.

The acquisition was accounted for as a government combination with assets acquired measured at their acquisition value.

The consideration provided was assigned as follows in **Table 1.3**.

Table 1.3: Consideration provided, identifiable assets acquired and liabilities assumed *(in thousands of dollars)*

Description	Subtotal	Total
Consideration provided		
Total cash consideration provided		$200,046
Identifiable assets acquired and liabilities assumed		
Inventory	$1,980	
Capital assets	196,936	
Other assets	1,130	
Net position acquired		$200,046

Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Medical Centers have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable Statements of the Governmental Accounting Standards Board (GASB). The proprietary fund method of accounting is followed and uses the economic resources measurement focus and the accrual basis of accounting. The Medical Centers are not legally separate entities from the University and therefore, under GASB requirements, a going concern evaluation at the level of the respective Medical Centers is not required and has not been performed by management.

Adoption of Accounting Pronouncement

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62* (GASB 100), effective for the Medical Centers' fiscal year beginning July 1, 2023. The Statement requires disclosures of descriptive information about accounting changes and error corrections and addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI).

The adoption of GASB 100 did not result in any adjustments to the financial statements of the Medical Centers except for UCLA Medical Center. UCLA Medical Center had a change within its financial reporting entity with the removal of a blended component unit after a decrease in ownership occurred in November 2023 which then met the definition of an investment to be accounted for using the equity method.

Significant Accounting Policies

Significant accounting policies of the Medical Centers are as follows:

Cash and cash equivalents

All University operating entities maximize the returns on their cash balances by investing in a Short Term Investment Pool (STIP) managed by the Office of the Chief Investment Officer of the Regents (OCIO or UC Investments). The Regents is responsible for managing the University's STIP and establishing the investment policy, which is carried out by UC Investments.

Substantially all of the Medical Centers' cash is deposited into STIP. The Medical Centers consider demand deposits and STIP balances, other than amounts held for construction, to be cash and cash equivalents.

The net asset value for STIP is held at a constant value of $1, not adjusted for unrealized gains and losses associated with the fluctuation in the fair value of the investments included in STIP (which are predominately held to maturity) and not recorded by each operating entity but absorbed by the University as the manager of the pool. None of these amounts are insured by the Federal Deposit Insurance Corporation. To date, the Medical Centers have not experienced any losses on these accounts.

Interest income is reported as nonoperating revenue in the statements of revenues, expenses and changes in net position.

Additional information on cash and investments can be obtained from the University's 2023-24 annual financial report of the University of California at https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html.

UCSF Medical Center includes certain investments in highly liquid debt instruments with original maturities of three months or less as cash and cash equivalents.

Investments

Investments are reported at fair value. The Medical Centers' investments consist of investments in other investment securities, The Regents' Total Return Investment Pool (TRIP) and General Endowment Pool (GEP). UCSF Medical Center's investments consist of investments in the UCSF Foundation's (UCSFF's) Endowed Investment Pool (EIP), the University's STIP and other investment securities. The basis of determining the fair value of pooled funds or mutual funds is the number of units held in the pool multiplied by the price per unit share, computed on the last day of the month. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Certain securities may be valued on a basis of a price provided by a single source.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded at estimated fair value at the date of donation.

Inventory

The Medical Centers' inventory consists primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

Prepaid expenses and other assets

The Medical Centers' prepaid expenses are primarily prepayments for pharmaceuticals and medical supplies, rent, equipment and maintenance contracts. Other assets include receivables from the University and beneficial interests in irrevocable split-interest agreements administered by third parties.

Restricted assets, deposits held for hospital construction

The University directly finances the construction, renovation and acquisition of facilities and equipment as authorized by The Regents through the issuance of debt obligations. Bond proceeds are primarily invested in STIP, GEP and TRIP and are released to the Medical Centers when spent on qualifying expenditures for construction.

Restricted assets, donor funds

The Medical Centers have been designated as the trustees for several charitable remainder trusts. The trusts are established by donors to provide income to designated beneficiaries, generally for life. Upon maturity, the principal in the trusts will be distributed to the Medical Centers. Trust assets are recorded at fair value.

The Medical Centers have been named the irrevocable beneficiaries for several charitable remainder trusts for which the Medical Centers are not the trustees. Upon maturity of each trust, the remainder of the trust corpus will be transferred to the Medical Centers. These funds cannot be sold, disbursed or consumed until a specified number of years have passed or a specific event has occurred. The Medical Centers recognize contribution revenue when all eligibility requirements have been met.

Beneficial interests in irrevocable split-interest agreements

The beneficial interests in irrevocable split-interest agreements represent the Medical Centers' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as other assets and deferred inflows of resources. These are measured at fair value and are reported as other noncurrent assets in the statements of net position. Changes in the fair value of the beneficial interest asset are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Capital assets, net

The Medical Centers' capital assets are reported at cost at the date of acquisition. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. The range of the estimated useful lives for the Medical Centers' buildings and land improvements is 5 to 40 years and for equipment is 2 to 20 years. University guidelines mandate that land purchased with the Medical Centers' funds is recorded as an asset of the Medical Centers, and land utilized by the Medical Centers but purchased with other sources of funds is recorded as an asset of the University. Intangible assets include right-to-use lease assets, right-to-use subscription-based information technology arrangement (SBITA) assets and similar arrangements. Leases and SBITAs are recorded at the estimated present value of future payments expected to be made during the term, net of amounts paid in advance and capitalizable

implementation costs. Assets under leases and SBITAs are amortized over the shorter of the lease or subscription term or the estimated useful life of the asset. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized by the Medical Centers if the cost is equal to or greater than $35,000 and if they have a useful life of more than one year. Minor renovations are charged to operations. Equipment with a cost equal to or greater than $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets.

Investments in joint ventures

Certain Medical Centers have entered into joint-venture arrangements with various third-party entities that include surgery centers, home health services, cancer center operations and a health maintenance organization. Investments in these joint ventures are recorded using the equity method.

Interest rate swap agreements

The Medical Centers have entered into interest rate swap agreements to limit the exposure of their variable-rate debt to changes in market interest rates. These derivative financial instruments are agreements that involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The difference to be paid or received is recognized over the life of the agreements as an adjustment to interest expense.

Interest rate swaps are recorded at fair value as either assets or liabilities in the statements of net position. The Medical Centers have determined that the market interest rate swaps are hedging derivatives that hedge future cash flows. Under hedge accounting, changes in the fair value are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

At the time of pricing certain interest rate swaps, the fixed rate of the swaps was off-market and UCLA Medical Center received an upfront payment based on the derived swap pricing. As such, the swaps consist of an at-the-market interest rate swap derivative instrument and a borrowing, represented by the upfront payment. The unamortized amount of the borrowing is included in the current and noncurrent portion of debt and amortized as interest expense over the term of the related bonds.

Bond premium

The premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs

The University is self-insured or insured through a wholly owned captive insurance company for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by independent insurers.

Liabilities are recorded when it is probable a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. While the Medical Centers participate in the self-insurance programs, they are administered by the University's Office of the President. Accordingly, the self-insurance assets and liabilities are not included in the accompanying financial statements.

CHRCO has a claims-made policy for medical malpractice claims. Under this policy, insurance premiums cover only those claims actually reported during the policy term. Should the claims-made policy not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination may be uninsured. CHRCO has a high-deductible, per-occurrence policy for workers' compensation with no limit and is effectively self-insured due to the high deductible. CHRCO has a self-insured preferred provider organization plan for health claims.

Asset retirement obligations

Upon an obligating event, the Medical Centers record the costs of any expected tangible capital asset retirement obligations using the best estimate of the current value of outlays expected to be incurred. The liabilities are reviewed annually and may change as a result of additional information that refines the estimates. Actual asset retirement obligation costs may vary from these estimates as a result of changes in assumptions such as asset retirement dates, regulatory requirements, technology and costs of labor, materials and equipment.

Leases where Medical Centers are lessors

The Medical Centers are lessors of buildings and equipment under agreements that extend through 2091. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to 30 years. Leases may also include options to terminate the leases. Certain of the Medical Centers' lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentive received, residual value guarantees, material restrictive

covenants or material termination penalties. The Medical Centers measure the deferred inflows of resources at the present value of payments expected to be received including any advance lease payments or lease incentives during the lease term.

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that applies to a future period, respectively. The Medical Centers classify gains on refunding of debt, increases in the fair value of the hedging derivatives, certain lease payments to be received and the net interest in irrevocable split-interest agreements as deferred inflows of resources. The Medical Centers classify losses on refunding of debt, decreases in the fair value of hedging derivatives, certain asset retirement obligations and results from certain acquisitions as deferred outflows of resources. The difference between the net position acquired and consideration provided for acquisitions are reported as deferred outflow of resources and are recognized over the expected remaining service life of capital assets acquired, when acquisitions are largely based on the expected use of those capital assets or the duration of any acquired contracts.

Gains or losses on refunding of debt are amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. Asset retirement obligations are recognized over the remaining useful life of the related asset. Revenues from split-interest agreements are recognized when the resources become available to spend. Lease revenues are recognized over the lease term.

Changes in net pension and retiree health benefits liabilities not included in expense, including proportionate shares of collective pension and retiree health benefits expenses from the University of California Retirement Plan (UCRP), are reported as deferred outflows of resources or deferred inflows of resources.

Net position

Net position is required to be classified for accounting and reporting purposes in the following categories:

Net Investment in Capital Assets. Capital assets, net of accumulated depreciation, reduced by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted. The Medical Centers classify net position resulting from transactions with purpose restrictions as restricted net position until the resources are used for the specific purpose or for as long as the donor requires the resources to remain intact.

- ***Nonexpendable*** — Net position subject to externally imposed restrictions that must be retained in perpetuity. Also included in nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.
- ***Expendable*** — Net position whose use is subject to externally imposed restrictions that can be fulfilled by actions pursuant to those restrictions or that expire by the passage of time.

Unrestricted. Net position that is neither restricted nor invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by management or The Regents. Substantially all unrestricted net position is allocated for operating initiatives or programs, or for capital programs.

Expenses are charged to either restricted or unrestricted net position based upon a variety of factors, including consideration of prior and future revenue sources, the type of expense incurred, budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding the Medical Centers' reserves.

Contributions received by CHRCO may be designated by the donor for restricted purposes or may be without restriction as to their use. Contributions restricted by donors as to use or time period are reported as restricted until used in a manner designated or upon expiration of the time period. Under California law, income and gains on permanently restricted net position are maintained in restricted expendable net position until those amounts are appropriated for expenditure by the CHRCO Board of Directors in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Income and gains on permanently restricted net position that are available for expenditure are $18.2 million and $16.8 million at June 30, 2024 and 2023, respectively.

Revenues and expenses

Revenues received through conducting the programs and services of the Medical Centers are presented in the financial statements as operating revenue. Revenues include professional fees earned by the faculty physicians practicing as the UCSF Faculty Clinical Practices.

Operating revenues include net patient service revenue reported at the estimated net realizable amounts from patients, third-party payors including Medicare and Medi-Cal and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Laws and regulations governing

the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. The Medical Centers believe that they are in compliance with all applicable laws and regulations related to the Medicare and Medi-Cal programs.

The Medical Centers estimate and recognize an allowance for uncollectible accounts based on historical experience.

CHRCO receives grants from federal agencies and other third parties. Government grants are reimbursed based on actual expenses incurred or units of service provided. Revenue from these grants is recognized as operating revenue either when expenses are incurred or when services are provided, depending on the grant award agreements.

Substantially all of the Medical Centers' operating expenses are directly or indirectly related to patient care activities.

Nonoperating revenues and expenses include direct government grants from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Hospital Fee Program grants, designated public hospital grants, interest income and expense, federal interest subsidies, gains on bond retirements, the gain or loss on the disposal of capital assets and other nonoperating revenues and expenses.

The Medical Centers received grants under the CARES Act Provider Relief Fund (PRF) to minimize the impacts of lost revenues and increased expenses related to COVID-19. The Medical Centers recognized these direct grants as nonoperating revenues based on estimates of lost revenues and increased expenses following the information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services governing the funding, which was publicly available at June 30, 2024 and 2023, respectively. The Medical Centers received grants from the State as designated public hospitals in support of health care expenditures.

Health system support, donated assets, contributions for building programs, transfers to the University and changes in allocation for pension payable to the University are classified as other changes in net position.

Net pension liability

UCRP provides retirement benefits to retired employees of the Medical Centers. The Medical Centers are required to contribute to UCRP at a rate set by The Regents. Net pension liability includes the Medical Centers' share of the University's net pension liability for UCRP. The Medical Centers' share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon their proportionate share of covered compensation for the fiscal year. The fiduciary net position and changes in the fiduciary net position of UCRP have been measured consistently with the accounting policies used by the Plan. For purposes of measuring UCRP's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Net pension liability also includes the net pension liability for the Retirement Plan for Children's Hospital & Research Center Oakland (CHRCO Plan). The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position have been measured consistent with the accounting policies used by the CHRCO Plan. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Net retiree health benefits liability

The University provides retiree health benefits to retired employees of the Medical Centers. The University established the University of California Retiree Health Benefit Trust (UCRHBT) to allow certain University locations and affiliates, including the Medical Centers, to share the risks, rewards and costs of providing for retiree health benefits and to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Contributions from the Medical Centers to the UCRHBT are effectively made to a single-employer health plan administered by the University as a cost-sharing plan. The Medical Centers are required to contribute at a rate assessed each year by the University.

Net retiree health benefits liability includes the Medical Centers' share of the University's net retiree health benefits liability for UCRHBT. The Medical Centers' share of net retiree health benefits liability, deferred inflows of resources, deferred outflows of resources and retiree health benefits expense has been determined based upon their proportionate share of covered compensation for the fiscal year. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. For purposes of measuring UCRHBT's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Pension payable to University

Additional deposits in UCRP have been made using University resources to make up the gap between the approved contribution rates and the required contributions based on The Regents' funding policy. These deposits, carried as internal loans by the University, are being repaid by the Medical Centers, plus accrued interest, through 2042 with a supplemental pension assessment. The Medical Centers' share of the internal loans has been determined based upon their proportionate share of covered compensation for the fiscal year. Supplemental pension assessments are reported as pension expense by the Medical Centers. Additional deposits in UCRP by the University, and changes in the Medical Centers' share of the internal loans, are reported as other changes in net position.

Charity care

The Medical Centers provide care without charge or at amounts less than their established rates to patients who meet certain criteria under their charity care policies. Amounts determined to qualify as charity care are not reported as net patient service revenue. The Medical Centers also provide services to other patients under publicly sponsored programs, which may reimburse at amounts less than the cost of the services provided to the recipients. The difference between the cost of services provided to these persons and the expected reimbursement is included in the estimated cost of charity care.

Transactions with the University and University affiliates

The Medical Centers have various transactions with the University and University affiliates. The University, as the primary reporting entity, has at its discretion the ability to transfer cash from the Medical Centers at will (subject to certain restrictive covenants or bond indentures) and to use that cash at its discretion. The Medical Centers record expense transactions where direct and incremental economic benefits are received by the Medical Centers. Payments, which constitute subsidies or payments for which the Medical Centers do not receive direct and incremental economic benefit, are recorded as health system support in the statements of revenues, expenses and changes in net position.

Certain revenues and expenses are allocated from the University to the Medical Centers. Allocated expenses reported as operating expenses in the statements of revenues, expenses and changes in net position are management's best estimates of the Medical Centers' arms-length payment of such amounts for their market-specific circumstances. To the extent that payments to the University exceed an arms-length estimated amount relative to the benefit received by the Medical Centers, the payments are recorded as health system support.

Compensated absences

The Medical Centers accrue annual leave, including employer related costs, for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked.

Tax exemption

The University of California is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income tax under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. CHRCO is qualified for exemption under IRC Section 501(c)(3).

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes these estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made, and actual amounts could differ from those estimates.

New accounting pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101), effective for the Medical Centers' fiscal year beginning July 1, 2024. The Statement replaces Statement No. 16, *Accounting for Compensated Absences*, to align recognition and measurement guidance for all types of compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used. Under GASB 101, the Medical Centers' compensated absences liabilities are expected to increase. The Medical Centers are evaluating the effect these requirements will have on their financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102), effective for the Medical Centers' fiscal year beginning July 1, 2024. The Statement establishes accounting and financial reporting requirements which require an assessment on whether a concentration or constraint makes the Medical Centers or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, and whether an event or events associated with a concentration or constraint that

could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Medical Centers are evaluating the effect these requirements will have on their financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), effective for the Medical Centers' fiscal year beginning July 1, 2025. The Statement changes some of the reporting requirements issued in Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* and Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*. GASB 103 adds a section for noncapital subsidies in the Statement of Revenues, Expenses and Changes in Net Position (SRECNP). Other provisions of GASB 103 (1) clarify guidance for management's discussion and analysis, (2) define operating and nonoperating revenues and expenses, (3) move items from the other changes in net position section into the other nonoperating revenues and expenses section and (4) replace extraordinary items and special items with a new "unusual or infrequent items" category. The Medical Centers are evaluating the full effect that GASB 103 will have on their financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), effective for the Medical Centers' fiscal year beginning July 1, 2025. GASB 104 requires certain types of capital assets to be disclosed separately. The Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if the Medical Centers have decided to pursue the sale of the capital asset and it is probable that the sale will be finalized within one year of the financial statement date. The Medical Centers are evaluating the full effect that GASB 104 will have on their financial statements.

2. Investments

Tables 2a and **2b** present the composition of investments by investment type and fair value level at June 30, in 2024 and 2023, respectively.

Table 2a: Composition of investments at June 30, 2024 *(in thousands of dollars)*

Description	Fair value level	Irvine	Los Angeles	San Francisco	Total
Balanced funds	NAV		$432,942	$321,842	$754,784
Other	2			1,085	1,085
Commingled funds			**432,942**	**322,927**	**755,869**
Other investments	3	$16,379		388	16,767
Total investments		**16,379**	**432,942**	**323,315**	**772,636**
Less: Current portion			(325,448)		(325,448)
Less: Reported as restricted assets in donor funds				(69,511)	(69,511)
Noncurrent portion		**$16,379**	**$107,494**	**$253,804**	**$377,677**

Table 2b: Composition of investments at June 30, 2023 *(in thousands of dollars)*

Description	Fair value level	Davis	Irvine	Los Angeles	San Francisco	Total
Balanced funds	NAV	$153,611		$386,599	$315,156	$855,366
Other	2				1,070	1,070
Commingled funds		**153,611**		**386,599**	**316,226**	**856,436**
Other investments	3		$15,311		540	15,851
Total investments		**153,611**	**15,311**	**386,599**	**316,766**	**872,287**
Less: Current portion		(153,611)		(290,328)		(443,939)
Less: Reported as restricted assets in donor funds					(68,023)	(68,023)
Noncurrent portion			**$15,311**	**$96,271**	**$248,743**	**$360,325**

The University-managed commingled funds (UC pooled funds) serve as the core investment vehicle for the Medical Centers. Additional information on the University's investments can be obtained from the 2023-24 annual financial report of the University of California at https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html.

A description of the funds used is as follows:

TRIP. TRIP allows participants the opportunity to maximize the return on their long-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP supplements STIP by investing in an intermediate-term, higher-risk portfolio allocated across equities, fixed-income and liquid alternative strategies, and allows participants to maximize the return on their long-term capital. The objective of TRIP is to generate a rate of return above the policy benchmark, after all costs and fees, consistent with liquidity, cash flow requirements and the risk. UC Davis Medical Center's and UCLA Medical Center's investments in TRIP are classified as commingled balanced funds. TRIP is considered to be an external investment pool from the Medical Center's perspective. The fair value of the UC Davis Medical Center's investment in TRIP was $153.6 million at June 30, 2023. The fair value of the UCLA Medical Center's investment in TRIP was $325.4 million and $290.3 million at June 30, 2024 and 2023, respectively.

GEP. GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio of equities, fixed-income securities and alternative investments. The primary goal is to maximize long-term total return, growth of principal and a growing payout stream to ensure that future funding for endowment-supported activities can be maintained. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements. UCLA Medical Center's investment in GEP is classified as commingled funds. GEP is considered to be an external investment pool from the Medical Center's perspective. The fair value of the UCLA Medical Center's investment in GEP was $107.5 million and $96.3 million at June 30, 2024 and 2023, respectively.

EIP. UCSF Medical Center invests primarily in the UCSF Foundation's EIP, the UCSF Foundation's primary investment vehicle for endowed gifts. The Foundation's primary investment objective is growth of principal sufficient to preserve purchasing power and provide income to support current and future activities. Investments in EIP include high-quality, readily marketable equity and fixed-income securities; other types of investments, including derivative instruments such as financial futures, may be made at the direction of the UCSF Foundation's Investment Committee. EIP represents investments in a unitized pool. UCSF Medical Center's investment in EIP is classified as commingled funds. Transactions within each individual endowment in the pool are based on the unit market value at the beginning or end of the month during which the transaction takes place for additions and withdrawals, respectively.

Investments in EIP by the UCSF Foundation require at least 12 months' prior written notice of intention to terminate as of a date specified in the notice. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines such as providing a forecasted schedule of cash withdrawals 90 days prior to the start of each fiscal year.

Fair Value. Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 — Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities, commingled funds (exchange traded funds and mutual funds) and other publicly traded securities.

Level 2 — Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds (institutional funds not listed in active markets) and other assets that are valued using market information.

Level 3 — Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

Net Asset Value (NAV) — Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include commingled balanced funds.

Not Leveled — Cash and cash equivalents including pending trades and settlements within various pools are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. The Medical Centers have established investment policies to provide the basis for the management of a prudent investment program appropriate to the particular fund type.

Credit Risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause the security price to decline. These circumstances may arise due to a variety of factors, such as financial weakness or bankruptcy.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by the independent rating agencies; for example, Moody's Investor Service (Moody's) or Standard & Poor's (S&P). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk.

UC Davis Medical Center's, UCLA Medical Center's and UCSF Medical Center's commingled funds (including GEP, EIP and TRIP) are not rated.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. Substantially all of UCSF Medical Center's investments are registered in the name of the UCSF Foundation. UC Davis Medical Center's, UC Irvine Medical Center's and UCLA Medical Center's investments are registered in the name of the University.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools and other pooled investments are not subject to concentration of credit risk. Investments in the various investment pools managed by the Office of the Chief Investment Officer of the Regents and the UCSF Foundation are external investment pools and are not subject to concentration of credit risk. There is no concentration of any single individual issuer of investments that comprises more than five percent of total investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100-basis-point (1-percentage-point) change in the level of interest rates.

UCSF Medical Center considers the effective duration for money market funds to be zero, and effective duration information for EIP is unavailable.

Investments include other asset-backed securities, which generate a return based upon either the payment of interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Foreign Currency Risk

The University's strategic asset allocation policy for TRIP and GEP as well as the UCSF Foundation's asset allocation strategy includes allocations to non-U.S. equities and non-dollar-denominated bonds. Exposure from foreign currency risk results from investments in foreign currency-denominated equity, fixed-income and private equity securities. At June 30, 2024 and 2023, UCSF Medical Center is subject to foreign currency risk as a result of holding various currency denominations.

3. Net Patient Service Revenue

The Medical Centers have agreements with third-party payors that provide for payments at amounts different from the Medical Centers' established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare. Medicare patient revenue includes traditional reimbursement under Title XVIII of the Social Security Act or Medicare capitated contract revenue.

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services and medical education costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology. Medicare reimburses hospitals for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications. The Medical Centers do not believe that there is significant credit risks associated with the Medicare program.

The Medical Centers are reimbursed for cost reimbursable items at a tentative rate with final settlement of such items determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Medical Centers' classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Medical Centers have received final notices from the Medicare fiscal intermediary through June 30, 2020 for UC Davis Medical Center; through June 30, 2016 for UC Irvine Medical Center; through June 30, 2019 for Ronald Reagan UCLA Medical Center; through June 30, 2021 for UCLA Santa Monica Medical Center; through June 30, 2022 for Resnick Neuropsychiatric Hospital; through June 30, 2018 for UC San Diego Medical Center; through June 30, 2018 with certain prior years pending settlement for UCSF Medical Center; and through June 30, 2021 for CHRCO. The fiscal intermediary is in the process of conducting its audits of the subsequent cost reports. The results of these audits have yet to be finalized and any amounts due to or from Medicare have not been determined. Estimated receivables and payables related to all open cost reporting periods are included in the statements of net position as third-party payor settlements.

Medi-Cal. The Medicaid program is referred to as Medi-Cal in California. Historically, Medi-Cal fee-for-service (FFS) payments for inpatient hospital services were made in accordance with the terms and conditions of federal Medicaid hospital financing waivers and legislation enacted by the state of California (collectively, the Waiver Program). The Medical Centers are reimbursed at interim rates with final settlement of such items determined after submission of annual filings and audits thereof by the state. Payments under the Waiver Program are based on the allocation of pooled funds amongst all participating designated public hospitals in the state and are subject to change based on the audit results of the other participating designated public hospitals. The state is in the process of conducting audits of subsequent years of the Waiver Program. The results of these audits have yet to be finalized and any amounts due to or from Medi-Cal have not been determined. Estimated receivables and payables related to all Waiver Program reporting periods are included in the statements of net position as third-party payor settlements. Effective July 2017, the Medical Centers may be eligible to receive enhanced payments and additional reimbursement for Medi-Cal managed care patients under the Quality Incentive Pool Program and Designated Public Hospital Enhanced Payment Program. In September 2023, final approval from the Centers for Medicare & Medicaid Services (CMS) was received for calendar year 2021 entitlements. In February 2024, final approval was received for calendar year 2022 entitlements. Revenues are recognized in the fiscal period in which final approvals have been received from CMS.

CHRCO has a contractual agreement with the Medi-Cal program, which includes patients that qualify for California Children's Services. CHRCO is an essential Medi-Cal and California Children's Services provider. Inpatient services are reimbursed by the All Patient Refined Diagnosis Related Group, at a per-case rate based upon acuity. Outpatient services are paid via fee schedules. In addition, CHRCO is the recipient of Medi-Cal funds under various state of California programs, in particular the Private Hospital Supplemental Fund and DSH. The state of California funds eligible hospitals based upon the total pool of funding available and a formula for distribution. The legislative funding is subject to retroactive reductions and potential future elimination.

Hospital Fee Program. State of California Assembly Bill 1383 of 2009, as amended by AB 1653 on September 8, 2010, and extended through 2013, and then through 2016 (SB 239), established a series of Medicaid supplemental payments funded through a Quality Assurance Fee and a Hospital Fee Program, which are imposed on certain California hospitals. In November 2016, the Hospital Fee Program was made permanent through the passage of the Medi-Cal Funding and Accountability Act (Proposition 52), which establishes the framework for all future hospital fee programs. Proposition 52 also makes permanent the limit on the amount the state can take out of the program for the General Fund; the construct of the fee program (both the fee side and the payment mechanisms); and the source of data and information used to develop the program, subject to CMS approval. CMS has approved the methodology and rates for the fee-for-service portion of the program through December 31, 2024, and for the managed care portion of the program through December 31, 2022. The Hospital Fee Program makes supplemental payments to certain hospitals for various health care services and supports the state's effort to maintain health care coverage for children. The Hospital Fee Program is funded by a Quality Assurance Fee paid by participating hospitals and matching federal funds. All of the Medical Centers, except CHRCO, are designated as public hospitals and are exempt from paying the Quality Assurance Fee. CHRCO receives supplemental payments under the Hospital Fee

Program. CHRCO recognized $171.2 million and $118.0 million of patient service revenue under the Hospital Fee Program for the years ended June 30, 2024 and 2023, respectively. CHRCO paid $44.0 million and $27.5 million in Quality Assurance Fees for the years ended June 30, 2024 and 2023, respectively. The Medical Centers receive a grant funded by the Hospital Fee Program.

Assembly Bill 915. State of California Assembly Bill 915, Public Hospital Outpatient Services Supplemental Reimbursement Program, provides for supplemental reimbursement equal to the federal share of unreimbursed facility costs incurred by public hospital outpatient departments. This supplemental payment covers only Medi-Cal fee-for-service outpatient services. The supplemental payment is based on each eligible hospital's certified public expenditures, which are matched with federal Medicaid funds.

Senate Bill 1732. State of California Senate Bill 1732 provides for supplemental Medi-Cal reimbursement to DSH for costs (i.e., principal and interest) of qualified patient care capital construction. For the years ended June 30, 2024 and 2023, the Medical Centers applied for and received additional revenue related to the reimbursement of costs for certain debt-financed construction projects based on the Medical Centers' Medi-Cal utilization rate.

Other. The Medical Centers have entered into agreements with numerous other third-party payors to provide patient care to beneficiaries under a variety of payment arrangements. These include arrangements with:

- Commercial insurance companies that reimburse the Medical Centers for reasonable and customary charges. Workers' compensation plans pay negotiated rates and are reported as contract (discounted or per-diem) revenue.
- Managed care contracts such as those with HMOs and PPOs that reimburse the Medical Centers at contracted or per-diem rates, which are usually less than full charges. CHRCO contracts with various Medi-Cal managed care plans in the state. These plans operate as state-licensed HMOs that provide health care services on a prepaid basis to enrolled Medi-Cal members residing in the county. Eligible members select the plan in which they wish to participate.
- Capitated contracts with health plans that reimburse the Medical Centers on a per-member-per-month basis, regardless of whether services are actually rendered. The Medical Centers assume a certain financial risk, as the contract requires patient treatment for all covered services. Expected losses on capitated agreements are accrued when probable and can be reasonably estimated.
- Certain health plans that have established a shared-risk pool where the Medical Centers share in any surplus associated with health care utilization as defined in the related contracts. Additionally, the Medical Centers may assume the risk of certain health care utilization costs, as determined in the related agreements. Differences between the final contract settlement and the amount estimated as receivable or payable relating to the shared-risk arrangements are recorded in the year of final settlement.
- Counties in the state of California that reimburse the Medical Centers for certain indigent patients covered under county contracts.

The most common payment arrangement for inpatient services is a prospectively determined per-diem rate or case rate. The most common payment arrangement for outpatient care is a prospective payment system that uses ambulatory payment classifications.

Table 3.1 presents amount due from Medicare as a percentage of net patient accounts receivable at June 30. **Table 3.2** presents amount due from Medi-Cal as a percentage of net patient accounts receivable at June 30.

Table 3.1: Amount due from Medicare as a percentage of net patient accounts receivable *(shown as percentage)*

Location	2024	2023
Davis	19.6%	18.6%
Irvine	28.9	23.6
Los Angeles	21.5	19.9
San Diego	28.4	27.7
San Francisco	14.6	15.1

Table 3.2: Amount due from Medi-Cal as a percentage of net patient accounts receivable *(shown as percentage)*

Location	2024	2023
Davis	13.2%	14.1%
Irvine	16.8	18.5
Los Angeles	17.6	17.2
San Diego	16.6	18.3
San Francisco	21.0	19.5

CHRCO receives Medi-Cal supplemental payments, which are comprised of both federal and non-federal components. CHRCO received $128.4 million and $88.7 million under these programs for the years ended June 30, 2024 and 2023, respectively. Included in the $128.4 million is $71.2 million approved in 2024 for prior periods. Included in the $88.7 million is $32.1 million approved in 2023 for prior periods.

For the years ended June 30, net patient service revenue included amounts due to favorable (or unfavorable) cost report settlements and changes in estimates in settlements related to Medicare, Medi-Cal and County Medical Services Program.

Table 3.3 presents net change in settlement estimates.

Table 3.3: Net change in settlement estimates *(in thousands of dollars)*

Location	2024	2023
Davis	$126,656	$78,905
Irvine	89,383	67,670
Los Angeles	69,462	81,923
San Diego	52,818	4,952
San Francisco	186,435	73,848
Total	**$524,754**	**$307,298**

Net patient accounts receivable and net patient service revenue at June 30 are presented net of allowance for uncollectible accounts.

Table 3.4 presents patient accounts receivable allowance at June 30, 2024 and 2023. **Table 3.5** presents patient service revenue allowance for the years ended June 30 in 2024 and 2023.

Table 3.4: Patient accounts receivable allowance at June 30, 2024 and 2023 *(in thousands of dollars)*

Location	2024	2023
Davis	$114,811	$101,776
Irvine	99,447	83,359
Los Angeles	198,707	121,867
San Diego	169,965	137,244
San Francisco	301,540	215,764
Total	**$884,470**	**$660,010**

Table 3.5: Patient service revenue allowance for the years ended June 30 in 2024 and 2023 *(in thousands of dollars)*

Location	2024	2023
Davis	$76,745	$76,819
Irvine	102,693	73,537
Los Angeles	119,168	82,944
San Diego	28,444	28,056
San Francisco	113,502	90,096
Total	**$440,552**	**$351,452**

Tables 3.6a and **3.6b** present net patient service revenue by major payor for the years ended June 30, 2024 and 2023, respectively.

Table 3.6a: Net patient service revenue by major payor for the year ended June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Medicare	$913,463	$774,198	$1,039,032	$1,015,932	$1,539,948	$5,282,573
Medi-Cal	837,603	582,133	615,711	745,339	1,801,660	4,582,446
Contract (discounted or per diem)	1,850,096	957,883	2,048,296	1,793,099	3,872,396	10,521,770
Contract (capitated)	815		90,194		85,633	176,642
Non-sponsored/self-pay	11,230	9,152	31,644	8,695	56,128	116,849
Total	**$3,613,207**	**$2,323,366**	**$3,824,877**	**$3,563,065**	**$7,355,765**	**$20,680,280**

Table 3.6b: Net patient service revenue by major payor for the year ended June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Medicare	$827,135	$510,852	$902,597	$833,022	$1,282,259	$4,355,865
Medi-Cal	706,364	541,368	561,697	662,291	1,532,504	4,004,224
Contract (discounted or per diem)	1,737,674	769,845	1,986,557	1,556,390	3,488,551	9,539,017
Contract (capitated)	1,184		44,088		85,916	131,188
Non-sponsored/self-pay	5,057	3,149	27,697	6,530	44,905	87,338
Total	**$3,277,414**	**$1,825,214**	**$3,522,636**	**$3,058,233**	**$6,434,135**	**$18,117,632**

4. Charity Care

Tables 4a and **4b** present information related to the Medical Centers' charity care for the years ended June 30, 2024 and 2023, respectively.

Table 4a: Charity care for the year ended June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Charity care at established rates	$41,644	$117,642	$8,540	$94,208	$104,204	$366,238
Estimated cost of charity care	9,617	30,786	2,809	24,220	27,516	94,948
Estimated cost in excess of reimbursement for patients under publicly sponsored programs	846,938	473,046	447,723	619,365	1,050,903	3,437,975

Table 4b: Charity care for the year ended June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Charity care at established rates	$26,995	$58,448	$10,398	$74,370	$137,036	$307,247
Estimated cost of charity care	6,724	19,173	3,888	21,757	39,197	90,739
Estimated cost in excess of reimbursement for patients under publicly sponsored programs	729,896	230,914	505,022	653,335	1,367,769	3,486,936

5. Capital Assets

Tables 5.1, 5.2, 5.3, 5.4, 5.5 and **5.6** present the Medical Centers' capital asset activity for the years ended June 30, 2024 and 2023.

Table 5.1a: Capital assets at original cost at Davis *(in thousands of dollars)*

Original cost	2022	Additions/ Transfers	Disposals	2023	Additions/ Transfers	Disposals	2024
Land	$93,950	$19,451		$113,401			$113,401
Buildings and improvements	1,768,390	91,413	($3,093)	1,856,710	$60,473		1,917,183
Equipment and software	600,380	71,760	(37,350)	634,790	20,789	($21,079)	634,500
Leases	426,488	33,186	(40,667)	419,007	35,906	(26,840)	428,073
Subscription-based IT arrangements	29,405	7,782		37,187	31,217	(5,588)	62,816
Construction in progress	288,812	271,956		560,768	693,369		1,254,137
Capital assets, at original cost	**$3,207,425**	**$495,548**	**($81,110)**	**$3,621,863**	**$841,754**	**($53,507)**	**$4,410,110**

Table 5.1b: Net capital assets and accumulated depreciation and amortization at Davis *(in thousands of dollars)*

Accumulated depreciation and amortization	2022	Depreciation/ Amortization	Disposals	2023	Depreciation/ Amortization	Disposals	2024
Buildings and improvements	$810,373	$58,501	($2,667)	$866,207	$58,343		$924,550
Equipment and software	364,562	64,125	(36,329)	392,358	58,303	($19,069)	431,592
Leases	84,033	30,725	(10,643)	104,115	30,474	(6,942)	127,647
Subscription-based IT arrangements	8,669	10,905		19,574	15,703	(5,588)	29,689
Accumulated depreciation/amortization	**$1,267,637**	**$164,256**	**($49,639)**	**$1,382,254**	**$162,823**	**($31,599)**	**$1,513,478**
Capital assets, net	**$1,939,788**			**$2,239,609**			**$2,896,632**

Table 5.2a: Capital assets at original cost at Irvine *(in thousands of dollars)*

Original cost	2022	Additions/ Transfers	Disposals	2023	Additions/ Transfers	Disposals	2024
Land	$36,709			$36,709	$180,112		$216,821
Buildings and improvements	1,084,551	$24,797	($2,224)	1,107,124	510,158	($28)	1,617,254
Equipment and software	572,657	43,298	(3,015)	612,940	159,806	(31,698)	741,048
Leases	118,635	37,469	(12,461)	143,643	88,465	(4,250)	227,858
Subscription-based IT arrangements	45,761	990	(872)	45,879	18,287	(887)	63,279
Construction in progress	300,085	329,820		629,905	106,899		736,804
Capital assets, at original cost	**$2,158,398**	**$436,374**	**($18,572)**	**$2,576,200**	**$1,063,727**	**($36,863)**	**$3,603,064**

Table 5.2b: Net capital assets and accumulated depreciation and amortization at Irvine *(in thousands of dollars)*

Accumulated depreciation and amortization	2022	Depreciation/ Amortization	Disposals	2023	Depreciation/ Amortization	Disposals	2024
Buildings and improvements	$538,977	$45,256	($2,224)	$582,009	$49,848	($28)	$631,829
Equipment and software	441,211	42,597	(2,976)	480,832	45,165	(29,803)	496,194
Leases	31,513	14,426	(6,416)	39,523	18,226	(4,397)	53,352
Subscription-based IT arrangements	6,554	8,186	(872)	13,868	9,542	(455)	22,955
Accumulated depreciation/amortization	**$1,018,255**	**$110,465**	**($12,488)**	**$1,116,232**	**$122,781**	**($34,683)**	**$1,204,330**
Capital assets, net	**$1,140,143**			**$1,459,968**			**$2,398,734**

Table 5.3a: Capital assets at original cost at Los Angeles *(in thousands of dollars)*

Original cost	2022	Additions/ Transfers	Disposals	2023	Additions/ Transfers	Disposals	2024
Land	$92,016			$92,016	$32,200		$124,216
Buildings and improvements	2,183,964	$21,328		2,205,292	182,471		2,387,763
Equipment and software	658,176	56,696	($70,433)	644,439	98,035	($36,574)	705,900
Leases	146,771	17,296	(17,097)	146,970	36,656	(16,712)	166,914
Subscription-based IT arrangements	29,133	22,275	(2,412)	48,996	20,602	(12,633)	56,965
Construction in progress	125,410	60,420		185,830	44,711		230,541
Capital assets, at original cost	**$3,235,470**	**$178,015**	**($89,942)**	**$3,323,543**	**$414,675**	**($65,919)**	**$3,672,299**

Table 5.3b: Net capital assets and accumulated depreciation and amortization at Los Angeles *(in thousands of dollars)*

Accumulated depreciation and amortization	2022	Depreciation/ Amortization	Disposals	2023	Depreciation/ Amortization	Disposals	2024
Buildings and improvements	$852,736	$64,032	($4,780)	$911,988	$68,973	($2,774)	$978,187
Equipment and software	477,484	66,606	(65,522)	478,568	66,326	(32,627)	512,267
Leases	43,681	14,077	(8,943)	48,815	17,851	(10,587)	56,079
Subscription-based IT arrangements	8,896	14,320	(2,412)	20,804	16,489	(12,633)	24,660
Accumulated depreciation/amortization	**$1,382,797**	**$159,035**	**($81,657)**	**$1,460,175**	**$169,639**	**($58,621)**	**$1,571,193**
Capital assets, net	**$1,852,673**			**$1,863,368**			**$2,101,106**

Table 5.4a: Capital assets at original cost at San Diego *(in thousands of dollars)*

Original cost	2022	Additions/ Transfers	Disposals	2023	Additions/ Transfers	Disposals	2024
Land	$8,641			$8,641	$40,041		$48,682
Buildings and improvements	1,931,858	$21,400		1,953,258	165,394	($4,253)	2,114,399
Equipment and software	443,213	30,578	($32,235)	441,556	40,983	(30,365)	452,174
Leases	145,388	16,201	(6,123)	155,466	16,378	(20,028)	151,816
Subscription-based IT arrangements	40,105	1,043		41,148	12,023	(521)	52,650
Construction in progress	93,062	21,631		114,693	193,210		307,903
Capital assets, at original cost	**$2,662,267**	**$90,853**	**($38,358)**	**$2,714,762**	**$468,029**	**($55,167)**	**$3,127,624**

Table 5.4b: Net capital assets and accumulated depreciation and amortization at San Diego *(in thousands of dollars)*

Accumulated depreciation and amortization	2022	Depreciation/ Amortization	Disposals	2023	Depreciation/ Amortization	Disposals	2024
Buildings and improvements	$682,821	$61,106		$743,927	$61,607	($4,227)	$801,307
Equipment and software	316,682	30,046	($31,786)	314,942	29,413	(29,657)	314,698
Leases	56,000	25,308	(5,521)	75,787	21,101	(16,100)	80,788
Subscription-based IT arrangements	6,099	9,308		15,407	11,372	(521)	26,258
Accumulated depreciation/amortization	**$1,061,602**	**$125,768**	**($37,307)**	**$1,150,063**	**$123,493**	**($50,505)**	**$1,223,051**
Capital assets, net	**$1,600,665**			**$1,564,699**			**$1,904,573**

Table 5.5a: Capital assets at original cost at San Francisco *(in thousands of dollars)*

Original cost	2022	Additions/ Transfers	Disposals	2023	Additions/ Transfers	Disposals	2024
Land	$146,327			$146,327			$146,327
Buildings and improvements	3,379,989	$77,111	($10,517)	3,446,583	$178,450	($17,261)	3,607,772
Equipment and software	1,197,636	92,062	(61,455)	1,228,243	67,808	(31,516)	1,264,535
Leases	483,809	46,137	(17,273)	512,673	12,728	(4,342)	521,059
Subscription-based IT arrangements	6,033	1,221		7,254	881	(2,133)	6,002
Construction in progress	460,639	369,055		829,694	350,198	(5,310)	1,174,582
Capital assets, at original cost	**$5,674,433**	**$585,586**	**($89,245)**	**$6,170,774**	**$610,065**	**($60,562)**	**$6,720,277**

Table 5.5b: Net capital assets and accumulated depreciation and amortization at San Francisco *(in thousands of dollars)*

Accumulated depreciation and amortization	2022	Depreciation/ Amortization	Disposals	2023	Depreciation/ Amortization	Disposals	2024
Buildings and improvements	$1,512,412	$100,893	($8,811)	$1,604,494	$105,862	($16,239)	$1,694,117
Equipment and software	966,805	79,916	(60,547)	986,174	81,310	(29,994)	1,037,490
Leases	89,792	38,753	(15,126)	113,419	34,940	(4,310)	144,049
Subscription-based IT arrangements	1,018	2,483		3,501	2,874	(2,133)	4,242
Accumulated depreciation/amortization	**$2,570,027**	**$222,045**	**($84,484)**	**$2,707,588**	**$224,986**	**($52,676)**	**$2,879,898**
Capital assets, net	**$3,104,406**			**$3,463,186**			**$3,840,379**

Table 5.6a: Total capital assets at original cost *(in thousands of dollars)*

Original cost	2022	Additions/ Transfers	Disposals	2023	Additions/ Transfers	Disposals	2024
Land	$377,643	$19,451		$397,094	$252,353		$649,447
Buildings and improvements	10,348,752	236,049	($15,834)	10,568,967	1,096,946	($21,542)	11,644,371
Equipment and software	3,472,062	294,394	(204,488)	3,561,968	387,421	(151,232)	3,798,157
Leases	1,321,091	150,289	(93,621)	1,377,759	190,133	(72,172)	1,495,720
Subscription-based IT arrangements	150,437	33,311	(3,284)	180,464	83,010	(21,762)	241,712
Construction in progress	1,268,008	1,052,882		2,320,890	1,388,387	(5,310)	3,703,967
Capital assets, at original cost	**$16,937,993**	**$1,786,376**	**($317,227)**	**$18,407,142**	**$3,398,250**	**($272,018)**	**$21,533,374**

Table 5.6b: Total net capital assets and accumulated depreciation and amortization *(in thousands of dollars)*

Accumulated depreciation and amortization	2022	Depreciation/ Amortization	Disposals	2023	Depreciation/ Amortization	Disposals	2024
Buildings and improvements	$4,397,319	$329,788	($18,482)	$4,708,625	$344,633	($23,268)	$5,029,990
Equipment and software	2,566,744	283,290	(197,160)	2,652,874	280,517	(141,150)	2,792,241
Leases	305,019	123,289	(46,649)	381,659	122,592	(42,336)	461,915
Subscription-based IT arrangements	31,236	45,202	(3,284)	73,154	55,980	(21,330)	107,804
Accumulated depreciation/amortization	**$7,300,318**	**$781,569**	**($265,575)**	**$7,816,312**	**$803,722**	**($228,084)**	**$8,391,950**
Capital assets, net	**$9,637,675**			**$10,590,830**			**$13,141,424**

The Medical Centers made seismic improvements in order to be in compliance with Senate Bill 1953 (SB 1953), the Hospital Facilities Seismic Safety Act. Certain facilities and equipment were constructed or acquired to make seismic improvements using financing obligations of the University. These facilities and equipment were contributed at cost by the University to the Medical Centers to support the operations of the Medical Centers. Principal and interest payments required for these obligations are not reflected in the financial statements of the Medical Centers.

The Medical Centers have beds in service in facilities that do not meet the requirements of SB 1953 and these facilities will either need to be retrofitted or replaced by 2030. Asset retirement obligations and related deferred outflows are recognized based on the existence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates the Medical Centers to perform asset retirement activities. The Medical Centers plan to demolish certain existing facilities to comply with SB 1953. Davis recognized asset retirement obligations of $62.9 million and $71.7 million and expenses of $11.6 million and $13.7 million at June 30, 2024 and 2023, respectively. San Diego recognized asset retirement obligations of $34.9 million and $31.8 million, and expenses of $2.7 million and $2.2 million at June 30, 2024 and 2023, respectively. San Francisco has no asset retirement obligations at June 30, 2024, and recognized asset retirement obligations of $27.9 million at June 30, 2023 and expenses of $9.4 million and $16.7 million at June 30, 2024 and 2023, respectively. The estimated remaining useful life of San Diego's assets is 7 years.

6. Notes Payable to Campus

The UC San Diego Medical Center has an internal loan from the San Diego campus funded from the campus' allocation of proceeds from a series of General Revenue Bonds of The Regents. The loan is to fund a portion of the costs for an outpatient pavilion. The loan is due in May 2048 and bears interest at a rate of 5.0 percent. As of June 30, 2024 and 2023, balances of $88.7 million and $90.7 million, respectively, were outstanding and are reported as a note payable to the campus on the statements of net position. Interest payments of $4.5 million and $4.6 million were made on the loan during the years ended June 30, 2024 and 2023, respectively.

7. Interest Rate Swap Agreements

As a means to lower the Medical Centers' borrowing costs when compared against fixed-rate bonds at the time of issuance, the Medical Centers entered into interest rate swap agreements in connection with their variable-rate Medical Center Pooled Revenue Bonds. Under the swap agreements, the Medical Centers pay the swap counterparty a fixed interest rate payment and receive a variable-rate interest payment to effectively change the variable-rate bonds to synthetic fixed-rate bonds. For one of the hedging derivatives, the notional amount of the swap matches the principal amount of the variable-rate Medical Center Pooled Revenue Bonds, and the swap agreement contains scheduled reductions to outstanding notional amounts that match scheduled reductions in the variable-rate bonds. Two of the UCLA Medical Center interest rate swaps are partial hedges. The first has a swap notional amount of $25.8 million, which is less than the amount of bonds outstanding of $31.3 million. The other partial hedge has a swap notional amount of $142.1 million, while the amount of the bonds outstanding is $142.3 million. The Medical Centers entered into two interest rate swaps, which hedge variable-rate General Revenue Bonds 2023 Series BP that refunded the Medical Center Pooled Revenue Bonds 2013 Series J in 2023. The notional amount of the swap matches the principal amount of the variable-rate General Revenue Bonds.

The UCLA Medical Center commenced hedge accounting for certain interest rate swap agreements either upon refinancing the variable-rate debt or amending the interest rate swap agreements. At the time of the transactions, the fixed rate on each of the interest rate swaps was off market such that the UCLA Medical Center received an upfront payment. The swaps consist of an at-the-market interest rate swap derivative instrument and a borrowing, represented by the market value of the swap at the time of the transaction. To commence hedge accounting, an additional borrowing for the off-the-market interest rate swap was recognized. The unamortized amount of the borrowing was $63.2 million and $66.2 million at June 30, 2024 and 2023, respectively.

Tables 7.1a and **7.1b** present the notional amounts, fair value of the interest rate swaps outstanding and the changes in fair value at June 30 in 2024 and 2023, respectively.

Table 7.1a: Notional amount and fair value at June 30, 2024 *(in thousands of dollars)*

Location	Notional amount	Fair value classification	Fair value	Change in fair value classification	Change in fair value
Davis	$3,960	Other noncurrent assets	$795	Deferred inflows	$97
Irvine	755	Other noncurrent assets	183	Deferred inflows	28
Los Angeles	209,025	Other noncurrent liabilities	(13,159)	Deferred outflows	8,180
San Diego	293,980	Other noncurrent assets	60,695	Deferred inflows	7,618
San Francisco	40,995	Other noncurrent liabilities	(895)	Deferred outflows	513

Table 7.1b: Notional amount and fair value at June 30, 2023 *(in thousands of dollars)*

Location	Notional amount	Fair value classification	Fair value	Change in fair value classification	Change in fair value
Davis	$3,975	Other noncurrent assets	$698	Deferred inflows	$1,148
Irvine	755	Other noncurrent assets	155	Deferred inflows	257
Los Angeles	214,755	Other noncurrent liabilities	(21,339)	Deferred outflows	14,262
San Diego	295,780	Other noncurrent assets	53,077	Deferred inflows	87,237
San Francisco	45,285	Other noncurrent liabilities	(1,408)	Deferred outflows	1,997

Because interest rates have changed since the execution of the swaps, the estimated fair value of the swaps has been determined using quoted market prices when available or a forecast of expected discounted future net cash flows. The swaps are classified as level 2 on the fair value hierarchy. The fair value of the interest rate swaps is the estimated amount the Medical Centers would have either (paid) or received if the swap agreements were terminated on June 30, 2024 or 2023.

Table 7.2 presents additional terms with respect to the outstanding interest rate swaps that are classified as hedging derivatives, along with the credit rating of the counterparty.

Table 7.2: Hedging derivatives *(in thousands of dollars)*

Terms	Counterparty credit rating	Medical Center	Notional amount 2024	Notional amount 2023	Effective date	Maturity date	Cash paid or received
Pay fixed 0.926% and 1.238%; receive 70% of Federal Funds Rate - H.15	A2/A+ A2/A	Davis	$3,960	$3,975	2023	2047	None
		Irvine	755	755	2023	2047	None
		Los Angeles	41,130	43,345	2023	2048	None
		San Diego	293,980	295,780	2023	2048	None
		San Francisco	525	525	2023	2047	None
Pay fixed 4.550% to 4.741%; receive 67% of Federal Funds Rate + 0.760% to 0.902%	Aa2/A+	Los Angeles	167,895	171,410	2020	2030 to 2047	None
Pay fixed 3.5897%; receive 58% of Federal Funds Rate + 0.564%	Aa1/A+	San Francisco	40,470	44,760	2020	2032	None

Interest Rate Swap Risk Factors

Credit Risk

The Medical Centers could be exposed to credit risk if the counterparties to the swap contracts are unable to meet the terms of the contracts. Contracts with positive fair values are exposed to credit risk. The Medical Centers face a maximum possible loss equivalent to the amount of the swap contract's fair value, less any collateral held by the Medical Centers provided by the counterparties. Swap contracts with negative fair values are not exposed to credit risk. Although the Medical Centers have entered into the interest rate swap contracts with creditworthy financial institutions, there is credit risk for losses in the event of non-performance by counterparties or unfavorable interest rate movements.

Certain UCLA Medical Center swaps and the swaps with the counterparties rated A2/A+ and A2/A have collateral requirements. Depending on the fair value and the counterparty credit rating for certain of the UCLA Medical Center swaps, the University may be entitled to receive collateral to the extent the positive fair value exceeds $20.0 million at June 30, 2024. At June 30, 2024 and 2023, there was no collateral required. Depending on the fair value and the counterparty credit ratings for the swaps that are currently rated A2/A+ and A2/A, the Medical Centers may be entitled to receive collateral based on a positive value threshold. At June 30, 2024 and 2023, there was no collateral required.

Interest Rate Risk

There is a risk that the value of the interest rate swaps will decline because of changing interest rates. The values of interest rate swaps with longer maturity dates tend to be more sensitive to changing interest rates and, therefore, more volatile than those with shorter maturities.

Basis Risk

There is a risk that the basis for the variable payment received on interest rate swaps will not match the variable payment on the bonds. This exposes the Medical Centers to basis risk whenever the interest rates on the bonds are reset. Interest rates on the bonds are tax-exempt, while the basis of the variable receipt on the interest rate swap is taxable. Tax-exempt interest rates can change without a corresponding change in the Federal Funds rate due to factors affecting the tax-exempt market, which do not have a similar effect on the taxable market.

Termination Risk

There is termination risk for interest rate swaps associated with variable-rate bonds in the event of nonperformance by counterparties in an adverse market resulting in cancellation of the synthetic interest rate and returning the interest rate payments to the variable interest rates on the bonds. For the interest rate swap held by the UCSF Medical Center expiring in 2032, the termination threshold is reached when the credit quality rating for either the underlying Medical Center Pooled Revenue Bonds or swap counterparty falls below Baa2 or BBB. For certain swaps held by the UCLA Medical Center, the termination threshold is reached when the credit quality rating for the underlying Medical Center Pooled Revenue Bonds falls below Baa3/BBB-, or the interest rate swap counterparty's rating falls below Baa2 or BBB. For the swaps with the counterparties rated A2/A+ and A2/A, the termination threshold is reached when either the credit quality rating for the Medical Center Pooled Revenue Bonds or the swap counterparty's rating falls below Baa2 or BBB. Upon termination, the Medical Centers may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

8. Debt

Tables 8.1a and **8.1b** present the Medical Centers' outstanding debt at June 30, 2024 and 2023, respectively.

Table 8.1a: Outstanding debt at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
University of California Medical Centers pooled revenue bonds:						
2007 Series B*					$40,470	$40,470
2009 Series F Build America Bonds		$153,190	$132,020	$110,355	18,070	413,635
2010 Series H Build America Bonds					641,015	641,015
2010 Series I			855			855
2013 Series K*			31,300			31,300
2016 Series L	$166,190	105,545	230,525	67,085	103,590	672,935
2016 Series M	34,770	30,305	28,465		17,455	110,995
2020 Series N	373,701	233,970	457,898	332,767	401,665	1,800,001
2020 Series O*			142,320			142,320
2022 Series P	570,010	475,010	171,005		683,975	1,900,000
2022 Series Q	210,000	175,010	463,000		251,990	1,100,000
University of California general revenue bonds:						
2017 Series AY	4,295	1,445	19,320	182,660		207,720
2023 Series BP*	3,960	755	41,130	293,980	525	340,350
2024 Series BT				200,430		200,430
Financing obligations				30,196	970	31,166
Subscription-based IT arrangements	23,307	36,820	25,246	22,319	1,070	108,762
Leases	343,245	184,980	122,454	76,881	425,127	1,152,687
Other borrowings		747,074	63,172	40,000		850,246
Total outstanding debt	**1,729,478**	**2,144,104**	**1,928,710**	**1,356,673**	**2,585,922**	**9,744,887**
Unamortized bond premium	53,448	36,908	40,412	36,371	45,598	212,737
Total debt	**1,782,926**	**2,181,012**	**1,969,122**	**1,393,044**	**2,631,520**	**9,957,624**
Less: Current portion	(56,978)	(784,426)	(51,787)	(61,687)	(51,007)	(1,005,885)
Noncurrent portion of debt	**$1,725,948**	**$1,396,586**	**$1,917,335**	**$1,331,357**	**$2,580,513**	**$8,951,739**

**Variable-rate bonds*

Table 8.1b: Outstanding debt at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
University of California Medical Center pooled revenue bonds:						
2007 Series B*					$44,760	$44,760
2009 Series F Build America Bonds		$154,195	$135,020	$110,355	18,480	418,050
2010 Series H Build America Bonds					656,515	656,515
2010 Series I			1,665			1,665
2013 Series K*			31,300			31,300
2016 Series L	$180,555	108,480	234,285	71,820	104,275	699,415
2016 Series M	38,515	31,250	30,750		17,685	118,200
2020 Series N	373,701	233,970	457,898	332,768	401,665	1,800,002
2020 Series O*			145,845			145,845
2022 Series P	570,010	475,010	171,005		683,975	1,900,000
2022 Series Q	210,000	175,010	463,000		251,990	1,100,000
University of California general revenue bonds:						
2017 Series AY	4,525	1,765	20,365	192,785		219,440
2023 Series BP*	3,975	755	43,345	295,780	525	344,380
Financing obligations				23,858	1,008	24,866
Subscription-based IT arrangements	9,758	30,765	21,154	23,099	2,390	87,166
Leases	351,921	112,299	108,095	86,318	438,258	1,096,891
Other borrowings			66,180			66,180
Total outstanding debt	**1,742,960**	**1,323,499**	**1,929,907**	**1,136,783**	**2,621,526**	**8,754,675**
Unamortized bond premium	57,180	39,113	43,202	31,487	47,885	218,867
Total debt	**1,800,140**	**1,362,612**	**1,973,109**	**1,168,270**	**2,669,411**	**8,973,542**
Less: Current portion	(52,154)	(27,665)	(45,547)	(54,958)	(50,630)	(230,954)
Noncurrent portion of debt	**$1,747,986**	**$1,334,947**	**$1,927,562**	**$1,113,312**	**$2,618,781**	**$8,742,588**

**Variable-rate bonds*

Table 8.2 presents significant terms of outstanding debt.

Table 8.2: Significant terms of outstanding debt

Description	Interest Rate	Interest Payment Frequency	Principal Payment Terms
University of California Medical Center pooled revenue bonds:			
2007 Series B*	4.6% to 4.7%	Monthly	Through 2032
2009 Series F Build America Bonds	4.3% to 4.4%, after net 33.0% federal subsidy	Semi-annually	Through 2049
2010 Series H Build America Bonds	3.9% to 4.4%, after net 33.0% federal subsidy	Semi-annually	Through 2048
2010 Series I	5.8%	Semi-annually	Through 2025
2013 Series K*	4.7%	Monthly	Beginning 2045 through 2047
2016 Series L	2.5% to 5.0%	Semi-annually	Through 2047
2016 Series M	2.4% to 3.5%	Semi-annually	Through 2047
2020 Series N	3.0% to 3.7%	Semi-annually	Beginning 2050 through 2120
2020 Series O*	4.6% to 4.7%	Monthly	Through 2045
2022 Series P	3.5% to 5.0%	Semi-annually	Beginning 2033 through 2054
2022 Series Q	4.1% to 4.6%	Semi-annually	Beginning 2032 through 2053
University of California general revenue bonds:			
2017 Series AY	3.0% to 5.0%	Semi-annually	Through 2041
2023 Series BP*	4.7%	Monthly	Through 2048
2024 Series BT	5.0%	Semi-annually	Through 2026
Financing obligations, subscription-based IT arrangements (primarily for computer and medical equipment, collateralized by underlying equipment) and leases	Fixed interest rates of 1.1% to 6.0%	Monthly, quarterly	Through 2063

**Variable-rate bonds*

The activity with respect to current and noncurrent debt is as follows:

Tables 8.3a and **8.3b** present debt activity at Davis in 2024 and 2023, respectively.

Table 8.3a: Debt activity at Davis for the year ended June 30, 2024 *(in thousands of dollars)*

Davis	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Total
Long-term debt at June 30, 2023	$1,438,461	$361,679	$1,800,140
New obligations		34,417	34,417
Principal payments and debt retirements	(18,355)	(29,544)	(47,899)
Amortization of bond premium	(3,732)		(3,732)
Long-term debt at June 30, 2024	**1,416,374**	**366,552**	**1,782,926**
Less: Current portion	(22,177)	(34,801)	(56,978)
Noncurrent portion of long-term debt at June 30, 2024	**$1,394,197**	**$331,751**	**$1,725,948**

Table 8.3b: Debt activity at Davis for the year ended June 30, 2023 *(in thousands of dollars)*

Davis	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Total
Long-term debt at June 30, 2022	$1,461,757	$383,413	$1,845,170
New obligations	3,975	1,394	5,369
Refinancing or prepayment of outstanding debt	(3,975)		(3,975)
Principal payments and debt retirements	(19,055)	(23,128)	(42,183)
Amortization of bond premium	(4,241)		(4,241)
Long-term debt at June 30, 2023	**1,438,461**	**361,679**	**1,800,140**
Less: Current portion	(22,048)	(30,106)	(52,154)
Noncurrent portion of long-term debt at June 30, 2023	**$1,416,413**	**$331,573**	**$1,747,986**

Tables 8.4a and **8.4b** present debt at Irvine in 2024 and 2023, respectively.

Table 8.4a: Debt activity at Irvine for the year ended June 30, 2024 *(in thousands of dollars)*

Irvine	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Other Borrowings	Total
Long-term debt at June 30, 2023	$1,219,548	$143,064		$1,362,612
New obligations		139,472	$747,074	886,546
Refinancing or prepayment of outstanding debt		(33,529)		(33,529)
Principal payments and debt retirements	(5,205)	(27,207)		(32,412)
Amortization of bond premium	(2,205)			(2,205)
Long-term debt at June 30, 2024	**1,212,138**	**221,800**	**747,074**	**2,181,012**
Less: Current portion	(7,577)	(29,775)	(747,074)	(784,426)
Noncurrent portion of long-term debt at June 30, 2024	**$1,204,561**	**$192,025**		**$1,396,586**

Table 8.4b: Debt activity at Irvine for the year ended June 30, 2023 *(in thousands of dollars)*

Irvine	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Total
Long-term debt at June 30, 2022	$1,226,847	$130,917	$1,357,764
New obligations	755	37,996	38,751
Refinancing or prepayment of outstanding debt	(755)	(5,180)	(5,935)
Principal payments and debt retirements	(5,000)	(20,669)	(25,669)
Amortization of bond premium	(2,299)		(2,299)
Long-term debt at June 30, 2023	**1,219,548**	**143,064**	**1,362,612**
Less: Current portion	(7,376)	(20,289)	(27,665)
Noncurrent portion of long-term debt at June 30, 2023	**$1,212,172**	**$122,775**	**$1,334,947**

Tables 8.5a and **8.5b** present debt at Los Angeles in 2024 and 2023, respectively.

Table 8.5a: Debt activity at Los Angeles for the year ended June 30, 2024 *(in thousands of dollars)*

Los Angeles	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Other borrowings	Total
Long-term debt at June 30, 2023	$1,777,680	$129,249	$66,180	$1,973,109
New obligations		56,722		56,722
Refinancing or prepayment of outstanding debt		(6,955)		(6,955)
Principal payments and debt retirements	(16,640)	(31,316)		(47,956)
Amortization of bond premium	(2,790)		(3,008)	(5,798)
Long-term debt at June 30, 2024	**1,758,250**	**147,700**	**63,172**	**1,969,122**
Less: Current portion	(20,030)	(28,749)	(3,008)	(51,787)
Noncurrent portion of long-term debt at June 30, 2024	**$1,738,220**	**$118,951**	**$60,164**	**$1,917,335**

Table 8.5b: Debt activity at Los Angeles for the year ended June 30, 2023 *(in thousands of dollars)*

Los Angeles	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Other borrowings	Total
Long-term debt at June 30, 2022	$1,798,109	$129,263	$69,188	$1,996,560
New obligations	43,345	39,573		82,918
Refinancing or prepayment of outstanding debt	(43,345)	(9,934)		(53,279)
Principal payments and debt retirements	(16,220)	(29,653)		(45,873)
Amortization of bond premium	(4,209)		(3,008)	(7,217)
Long-term debt at June 30, 2023	**1,777,680**	**129,249**	**66,180**	**1,973,109**
Less: Current portion	(19,431)	(23,108)	(3,008)	(45,547)
Noncurrent portion of long-term debt at June 30, 2023	**$1,758,249**	**$106,141**	**$63,172**	**$1,927,562**

Tables 8.6a and **8.6b** present debt at San Diego in 2024 and 2023, respectively.

Table 8.6a: Debt activity at San Diego for the year ended June 30, 2024 *(in thousands of dollars)*

San Diego	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Other Borrowings	Total
Long-term debt at June 30, 2023	$1,034,995	$133,275		$1,168,270
New obligations	200,430	35,303	$40,000	275,733
Bond premium, net	9,720			9,720
Principal payments and debt retirements	(16,660)	(39,182)		(55,842)
Amortization of bond premium	(4,837)			(4,837)
Long-term debt at June 30, 2024	**1,223,648**	**129,396**	**40,000**	**1,393,044**
Less: Current portion	(24,954)	(36,733)		(61,687)
Noncurrent portion of long-term debt at June 30, 2024	**$1,198,694**	**$92,663**	**$40,000**	**$1,331,357**

Table 8.6b: Debt activity at San Diego for the year ended June 30, 2023 *(in thousands of dollars)*

San Diego	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Total
Long-term debt at June 30, 2022	$1,044,129	$154,829	$1,198,958
New obligations	295,780	17,550	313,330
Refinancing or prepayment of outstanding debt	(295,780)	(655)	(296,435)
Principal payments and debt retirements	(5,600)	(38,449)	(44,049)
Amortization of bond premium	(3,534)		(3,534)
Long-term debt at June 30, 2023	**1,034,995**	**133,275**	**1,168,270**
Less: Current portion	(19,970)	(34,988)	(54,958)
Noncurrent portion of long-term debt at June 30, 2023	**$1,015,025**	**$98,287**	**$1,113,312**

Tables 8.7a and **8.7b** present debt at San Francisco in 2024 and 2023, respectively.

Table 8.7a: Debt activity at San Francisco for the year ended June 30, 2024 *(in thousands of dollars)*

San Francisco	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Total
Long-term debt at June 30, 2023	$2,227,755	$441,656	$2,669,411
New obligations		13,694	13,694
Refinancing or prepayment of outstanding debt		(1,162)	(1,162)
Principal payments and debt retirements	(21,114)	(27,021)	(48,135)
Amortization of bond premium	(2,288)		(2,288)
Long-term debt at June 30, 2024	**2,204,353**	**427,167**	**2,631,520**
Less: Current portion	(24,050)	(26,957)	(51,007)
Noncurrent portion of long-term debt at June 30, 2024	**$2,180,303**	**$400,210**	**$2,580,513**

Table 8.7b: Debt activity at San Francisco for the year ended June 30, 2023 *(in thousands of dollars)*

San Francisco	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Total
Long-term debt at June 30, 2022	$2,250,434	$425,455	$2,675,889
New obligations	525	48,302	48,827
Refinancing or prepayment of outstanding debt	(525)	(3,367)	(3,892)
Principal payments and debt retirements	(20,395)	(28,734)	(49,129)
Amortization of bond premium	(2,284)		(2,284)
Long-term debt at June 30, 2023	**2,227,755**	**441,656**	**2,669,411**
Less: Current portion	(23,400)	(27,230)	(50,630)
Noncurrent portion of long-term debt at June 30, 2023	**$2,204,355**	**$414,426**	**$2,618,781**

Tables 8.8a and **8.8b** present total debt activity for the years ended 2024 and 2023, respectively.

Table 8.8a: Total debt activity for the year ended June 30, 2024 *(in thousands of dollars)*

Total	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Other borrowings	Total
Long-term debt at June 30, 2023	$7,698,439	$1,208,923	$66,180	$8,973,542
New obligations	200,430	279,608	787,074	1,267,112
Bond premium, net	9,720			9,720
Refinancing or prepayment of outstanding debt		(41,646)		(41,646)
Principal payments and debt retirements	(77,974)	(154,270)		(232,244)
Amortization of bond premium	(15,852)		(3,008)	(18,860)
Long-term debt at June 30, 2024	**7,814,763**	**1,292,615**	**850,246**	**9,957,624**
Less: Current portion	(98,788)	(157,015)	(750,082)	(1,005,885)
Noncurrent portion of long-term debt at June 30, 2024	**$7,715,975**	**$1,135,600**	**$100,164**	**$8,951,739**

Table 8.8b: Total debt activity for the year ended June 30, 2023 *(in thousands of dollars)*

Total	Revenue bonds	Financing obligations, subscription-based IT arrangements and leases	Other borrowings	Total
Long-term debt at June 30, 2022	$7,781,276	$1,223,877	$69,188	$9,074,341
New obligations	344,380	144,815		489,195
Refinancing or prepayment of outstanding debt	(344,380)	(19,136)		(363,516)
Principal payments and debt retirements	(66,270)	(140,633)		(206,903)
Amortization of bond premium	(16,567)		(3,008)	(19,575)
Long-term debt at June 30, 2023	**7,698,439**	**1,208,923**	**66,180**	**8,973,542**
Less: Current portion	(92,225)	(135,721)	(3,008)	(230,954)
Noncurrent portion of long-term debt at June 30, 2023	**$7,606,214**	**$1,073,202**	**$63,172**	**$8,742,588**

In February 2024, General Revenue Bonds totaling $200.4 million were issued to finance the acquisition of certain facilities at UCSD Medical Center. The fixed-rate tax-exempt bonds mature in 2026 and have a stated weighted average interest rate of 5.0 percent. The deferred premium of $9.7 million will be amortized as a reduction to interest expense over the term of the bonds.

In February 2023, General Revenue Bonds totaling $2.2 billion were issued to refinance all or a portion of certain projects of the University through the refunding of certain bonds and the outstanding Medical Center Pooled Revenue Bonds, 2013 Series J of $344.4 million. The bonds mature at various dates through 2048 and the interest rate resets each business day. The refunding of the outstanding Medical Center Pooled Revenue Bonds resulted in a loss of $3.5 million, recorded as a deferred outflow of resources that will be amortized as interest expense over the term of the refunded bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of $411.4 million and an economic gain of $324.8 million.

The Medical Centers' Pooled Revenue Bonds are issued to finance capital projects and other needs at the University's Medical Centers and are collateralized by joint and several pledges of certain operating and nonoperating revenues, as defined in the indentures, of all five of the University's Medical Centers. The Medical Center Pooled Revenue Bond Indenture requires the Medical Centers to set rates, charges and fees each year sufficient for the Medical Centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and sets forth certain other covenants. Pledged revenues for the Medical Centers for the years ended June 30, 2024 and 2023 were $22.2 billion and $19.5 billion, respectively.

The Medical Center Pooled Revenue Bonds 2007 Series B, 2013 Series K and 2020 Series O; and General Revenue Bonds 2023 Series BP totaling $40.5 million, $31.3 million, $142.3 million and $340.4 million at June 30, 2024, respectively, are variable-rate demand obligations subject to daily remarketing. The Medical Centers have access to the hospital working capital program from the University described below for any amounts that would be obligated for repayment to the bondholders.

The Medical Centers' revenues are not pledged for any purpose other than those under the indentures for the Medical Center Pooled Revenue Bonds. The pledge of the Medical Centers' revenues under the Medical Center Pooled Revenue Bonds is on parity with interest rate swap agreements. The Medical Centers' revenues are not pledged to the General Revenue Bonds 2017 Series AY and variable-rate General Revenue Bonds 2023 Series BP, but the payments are obligations of the Medical Centers.

The University has an internal working capital program that allows each Medical Center to receive internal advances. Advances may not exceed 60 percent of a Medical Center's accounts receivable for any working capital needs. Repayment of advances made to the Medical Centers under the working capital program is not collateralized by a pledge of revenues. At June 30, 2024, there were no outstanding advances to the Medical Centers except for San Diego of $40.0 million. This is included as part of debt as other borrowings on the statement of net position. The University may cancel or change the terms of the working capital program at its sole discretion. However, the University has historically provided working capital advances under formal or informal programs for the Medical Centers.

The University has available a $2.0 billion commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim financing for capital projects or equipment, financing for working capital for the medical centers, standby or interim financing for gift-financed projects and working capital for the University. The University may also utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. At June 30, 2024, UC Irvine Medical Center utilized $647.1 million of tax-exempt commercial paper and $100.0 million in line of credit. This is included as part of debt as other borrowings on the statement of net position.

At June 30, 2024, CHRCO had no amount outstanding under its revolving credit facility for $25.0 million. The interest rate on the credit facility was 5.4 percent at June 30, 2024 and the facility expires on August 1, 2025.

Leases

The Medical Centers have leases for land, buildings and equipment under agreements that extend through 2063. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to 21 years. Leases may also include options to terminate the leases.

Certain of the Medical Centers' lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentives received, residual value guarantees, material restrictive covenants or material termination penalties. The Medical Centers also sublease certain real estate to third parties.

The Medical Centers measure the lease liability at the present value of payments expected to be made during the lease term. Leases with an initial term of 12 months or less, real estate leases with undiscounted payments of less than $300,000 (including option periods) or equipment leases with undiscounted payments of less than $100,000 (including option periods) are recognized as operating expense on a straight-line basis over the lease term. If the interest rate cannot be readily determined, the Medical Centers use an incremental borrowing rate to discount the lease payments, which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Future minimum payments on leases with an initial or remaining non-cancelable term in excess of one year are described in **Tables 8.9** through **8.14**.

Table 8.9: Future minimum payments on leases at Davis *(in thousands of dollars at year ending June 30)*

Davis	Principal	Interest	Total
2025	$26,897	$13,078	$39,975
2026	25,655	12,050	37,705
2027	22,191	11,118	33,309
2028	22,306	10,233	32,539
2029	21,030	9,370	30,400
2030–2034	109,850	34,070	143,920
2035–2039	85,864	14,115	99,979
2040–2044	27,920	1,777	29,697
2045–2049	1,532	36	1,568
Total	**$343,245**	**$105,847**	**$449,092**

Table 8.10: Future minimum payments on leases at Irvine *(in thousands of dollars at year ending June 30)*

Irvine	Principal	Interest	Total
2025	$18,914	$7,605	$26,519
2026	17,344	7,435	24,779
2027	14,730	6,844	21,574
2028	13,422	6,315	19,737
2029	13,251	5,351	18,602
2030–2034	51,516	18,372	69,888
2035–2039	40,412	7,770	48,182
2040–2044	15,347	1,316	16,663
Total	**$184,936**	**$61,008**	**$245,944**

Table 8.11: Future minimum payments on leases at Los Angeles *(in thousands of dollars at year ending June 30)*

Los Angeles	Principal	Interest	Total
2025	$16,176	$4,444	$20,620
2026	15,873	3,849	19,722
2027	15,096	3,266	18,362
2028	14,833	2,706	17,539
2029	14,224	2,153	16,377
2030–2034	31,499	5,487	36,986
2035–2039	8,237	1,996	10,233
2040–2044	5,725	654	6,379
2045–2049	625	9	634
Total	**$122,288**	**$24,564**	**$146,852**

Table 8.12: Future minimum payments on leases at San Diego *(in thousands of dollars at year ending June 30)*

San Diego	Principal	Interest	Total
2025	$20,354	$2,276	$22,630
2026	16,529	1,643	18,172
2027	12,279	1,131	13,410
2028	8,846	764	9,610
2029	7,557	474	8,031
2030–2034	11,316	324	11,640
Total	**$76,881**	**$6,612**	**$83,493**

Table 8.13: Future minimum payments on leases at San Francisco *(in thousands of dollars at year ending June 30)*

San Francisco	Principal	Interest	Total
2025	$26,275	$16,256	$42,531
2026	23,174	15,355	38,529
2027	22,760	13,397	36,157
2028	19,768	12,204	31,972
2029	18,894	11,475	30,369
2030–2034	94,251	46,294	140,545
2035–2039	85,992	28,832	114,824
2040–2044	47,222	15,586	62,808
2045–2049	26,561	9,984	36,545
2050–2054	20,423	6,731	27,154
2055–2059	23,336	3,817	27,153
2060–2064	16,471	725	17,196
Total	**$425,127**	**$180,656**	**$605,783**

Table 8.14: Total future minimum payments on leases *(in thousands of dollars at year ending June 30)*

Total	Principal	Interest	Total
2025	$108,616	$43,659	$152,275
2026	98,575	40,332	138,907
2027	87,056	35,756	122,812
2028	79,175	32,222	111,397
2029	74,956	28,823	103,779
2030–2034	298,432	104,547	402,979
2035–2039	220,505	52,713	273,218
2040–2044	96,214	19,333	115,547
2045–2049	28,718	10,029	38,747
2050–2054	20,423	6,731	27,154
2055–2059	23,336	3,817	27,153
2060–2064	16,471	725	17,196
Total	**$1,152,477**	**$378,687**	**$1,531,164**

Subscription-based Information Technology Arrangements

The Medical Centers have subscription-based information technology arrangements (SBITAs) under agreements that extend through 2034. Some SBITAs include one or more options to renew, with renewal terms that can extend the subscription term from one to three years. SBITAs may also include options to terminate the subscription. SBITAs do not contain any material incentives received, material restrictive covenants or material termination penalties.

The Medical Centers measure the SBITA liability at the present value of payments expected to be made during the subscription term. SBITAs with a term of 12 months or less or those with cumulative undiscounted payments of less than $500,000 (including option periods) are recognized as operating expense on a straight-line basis over the subscription term. If the interest rate implicit in the SBITA cannot be readily determined, the Medical Centers use an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

Future minimum payments on SBITAs with an initial or remaining non-cancelable term in excess of one year are described in **Tables 8.15** through **8.20**.

Table 8.15: Future minimum payments on SBITAs at Davis *(in thousands of dollars at year ending June 30)*

Davis	Principal	Interest	Total
2025	$7,904	$1,026	$8,930
2026	5,492	724	6,216
2027	2,935	457	3,392
2028	3,028	313	3,341
2029	2,407	165	2,572
2030–2034	1,541	47	1,588
Total	**$23,307**	**$2,732**	**$26,039**

Table 8.16: Future minimum payments on SBITAs at Irvine *(in thousands of dollars at year ending June 30)*

Irvine	Principal	Interest	Total
2025	$10,862	$1,144	$12,006
2026	9,305	826	10,131
2027	6,177	550	6,727
2028	4,161	324	4,485
2029	2,871	195	3,066
2030–2034	3,444	274	3,718
Total	**$36,820**	**$3,313**	**$40,133**

Table 8.17: Future minimum payments on SBITAs at Los Angeles *(in thousands of dollars at year ending June 30)*

Los Angeles	Principal	Interest	Total
2025	$12,407	$653	$13,060
2026	7,538	504	8,042
2027	3,829	207	4,036
2028	1,472	71	1,543
Total	**$25,246**	**$1,435**	**$26,681**

Table 8.18: Future Minimum Payments on SBITAs at San Diego *(in thousands of dollars at year ending June 30)*

San Diego	Principal	Interest	Total
2025	$10,332	$568	$10,900
2026	6,358	379	6,737
2027	2,476	215	2,691
2028	2,576	113	2,689
2029	577	7	584
Total	**$22,319**	**$1,282**	**$23,601**

Table 8.19: Future minimum payments on SBITAs at San Francisco *(in thousands of dollars at year ending June 30)*

San Francisco	Principal	Interest	Total
2025	$510	$22	$532
2026	326	12	338
2027	234	6	240
Total	**$1,070**	**$40**	**$1,110**

Table 8.20: Total future minimum payments on SBITAs *(in thousands of dollars at year ending June 30)*

Total	Principal	Interest	Total
2025	$42,015	$3,413	$45,428
2026	29,019	2,445	31,464
2027	15,651	1,435	17,086
2028	11,237	821	12,058
2029	5,855	367	6,222
2030–2034	4,985	321	5,306
Total	**$108,762**	**$8,802**	**$117,564**

Future Debt Service and Interest Rate Swaps

Future debt service payments for the Medical Centers' fixed- and variable-rate debt for each of the five fiscal years subsequent to June 30, 2024, and thereafter, are shown in **Tables 8.21** through **8.26**.

Although not a prediction by the Medical Centers of the future interest rate cost of the variable-rate bonds or the impact of the interest rate swaps, these amounts assume that current interest rates on variable-rate bonds and the current reference rates of the interest rate swaps will remain the same. As these rates vary, variable-rate bond interest payments and net interest rate swap payments will change.

Table 8.21: Future debt service payments at Davis *(in thousands of dollars at year ending June 30)*

Davis	Revenue bonds	Financing Obligations	Total Payments	Principal	Interest
2025	$75,256	$8,930	$84,186	$26,614	$57,572
2026	74,770	6,216	80,986	24,402	56,584
2027	74,269	3,392	77,661	22,045	55,616
2028	59,779	3,341	63,120	8,513	54,607
2029	59,785	2,572	62,357	8,082	54,275
2030–2034	328,741	1,588	330,329	63,551	266,778
2035–2039	383,455		383,455	139,680	243,775
2040–2044	385,918		385,918	179,295	206,623
2045–2049	406,276		406,276	248,545	157,731
2050–2054	511,190		511,190	426,753	84,437
2055–2120	425,572		425,572	238,753	186,819
Total future debt service	**2,785,011**	**26,039**	**2,811,050**	**$1,386,233**	**$1,424,817**
Less: Interest component of future payments	(1,422,085)	(2,732)	(1,424,817)		
Principal portion of future payments	1,362,926	23,307	1,386,233		
Adjusted by:					
Unamortized bond premium	53,448		53,448		
Total debt	**$1,416,374**	**$23,307**	**$1,439,681**		

Table 8.22: Future debt service payments at Irvine *(in thousands of dollars at year ending June 30)*

Irvine	Revenue bonds	Financing Obligations	Total Payments	Principal	Interest
2025	$58,632	$38,525	$97,157	$35,216	$61,941
2026	58,607	34,910	93,517	32,294	61,223
2027	60,701	28,301	89,002	28,887	60,115
2028	60,688	24,222	84,910	25,888	59,022
2029	60,246	21,668	81,914	24,342	57,572
2030–2034	326,618	73,606	400,224	128,195	272,029
2035–2039	369,829	48,182	418,011	183,867	234,144
2040–2044	368,940	16,663	385,603	199,197	186,406
2045–2049	392,078		392,078	261,955	130,123
2050–2054	388,843		388,843	327,664	61,179
2055–2120	266,445		266,445	149,481	116,964
Total future debt service	**2,411,627**	**286,077**	**2,697,704**	**$1,396,986**	**$1,300,718**
Less: Interest component of future payments	(1,236,397)	(64,321)	(1,300,718)		
Principal portion of future payments	1,175,230	221,756	1,396,986		
Adjusted by:					
Unamortized bond premium	36,908		36,908		
Other borrowings	747,074		747,074		
Total debt	**$1,959,212**	**$221,756**	**$2,180,968**		

Table 8.23: Future debt service payments at Los Angeles *(in thousands of dollars at year ending June 30)*

Los Angeles	Revenue bonds	Financing Obligations	Total Payments	Principal	Interest
2025	$89,988	$33,680	$123,668	$45,858	$77,810
2026	89,136	27,764	116,900	40,416	76,484
2027	88,971	22,398	111,369	36,535	74,834
2028	88,864	19,082	107,946	34,645	73,301
2029	88,657	16,377	105,034	33,319	71,715
2030–2034	817,284	36,986	854,270	548,879	305,391
2035–2039	381,365	10,233	391,598	172,982	218,616
2040–2044	380,754	6,379	387,133	214,310	172,823
2045–2049	311,350	634	311,984	192,990	118,994
2050–2054	319,239		319,239	252,892	66,347
2055–2120	521,455		521,455	292,546	228,909
Total future debt service	**3,177,063**	**173,533**	**3,350,596**	**$1,865,372**	**$1,485,224**
Less: Interest component of future payments	(1,459,225)	(25,999)	(1,485,224)		
Principal portion of future payments	1,717,838	147,534	1,865,372		
Adjusted by:					
Unamortized bond premium	40,412		40,412		
Other borrowings	63,172		63,172		
Total debt	**$1,821,422**	**$147,534**	**$1,968,956**		

Table 8.24: Future debt service payments at San Diego *(in thousands of dollars at year ending June 30)*

San Diego	Revenue bonds	Financing Obligations	Total Payments	Principal	Interest
2025	$70,971	$7,182	$78,153	$23,777	$54,376
2026	271,695	5,928	277,623	224,065	53,558
2027	61,100	4,961	66,061	23,674	42,387
2028	60,955	4,963	65,918	24,714	41,204
2029	60,751	4,964	65,715	25,820	39,895
2030–2034	301,088	6,220	307,308	126,741	180,567
2035–2039	296,829		296,829	149,080	147,749
2040–2044	280,445		280,445	173,410	107,035
2045–2049	180,310		180,310	113,425	66,885
2050–2054	159,637		159,637	120,166	39,471
2055–2120	378,955		378,955	212,601	166,354
Total future debt service	**2,122,736**	**34,218**	**2,156,954**	**$1,217,473**	**$939,481**
Less: Interest component of future payments	(935,459)	(4,022)	(939,481)		
Principal portion of future payments	1,187,277	30,196	1,217,473		
Adjusted by:					
Unamortized bond premium	36,371		36,371		
Other borrowings	40,000		40,000		
Total debt	**$1,263,648**	**$30,196**	**$1,293,844**		

Table 8.25: Future debt service payments at San Francisco *(in thousands of dollars at year ending June 30)*

San Francisco	Revenue bonds	Financing Obligations	Total Payments	Principal	Interest
2025	$127,504	$180	$127,684	$21,916	$105,768
2026	127,166	180	127,346	22,736	104,610
2027	126,744	180	126,924	23,651	103,273
2028	126,295	195	126,490	24,622	101,869
2029	125,814	242	126,056	25,654	100,401
2030–2034	655,169		655,169	178,100	477,069
2035–2039	703,698		703,698	291,065	412,633
2040–2044	690,646		690,646	367,575	323,071
2045–2049	660,595		660,595	452,500	208,095
2050–2054	590,975		590,975	495,201	95,774
2055–2120	457,417		457,417	256,619	200,798
Total future debt service	**4,392,023**	**977**	**4,393,000**	**$2,159,639**	**$2,233,361**
Less: Interest component of future payments	(2,233,268)	(93)	(2,233,361)		
Principal portion of future payments	2,158,755	884	2,159,639		
Adjusted by:					
Unamortized bond premium	45,598		45,598		
Total debt	**$2,204,353**	**$884**	**$2,205,237**		

Table 8.26: Total future debt service payments *(in thousands of dollars at year ending June 30)*

Total	Revenue bonds	Financing Obligations	Total Payments	Principal	Interest
2025	$422,351	$88,497	$510,848	$153,381	$357,467
2026	621,374	74,998	696,372	343,913	352,459
2027	411,785	59,232	471,017	134,792	336,225
2028	396,581	51,803	448,384	118,382	330,003
2029	395,253	45,823	441,076	117,217	323,858
2030–2034	2,428,900	118,400	2,547,300	1,045,466	1,501,834
2035–2039	2,135,176	58,415	2,193,591	936,674	1,256,917
2040–2044	2,106,703	23,042	2,129,745	1,133,787	995,958
2045–2049	1,950,609	634	1,951,243	1,269,415	681,828
2050–2054	1,969,884		1,969,884	1,622,676	347,208
2055–2120	2,049,844		2,049,844	1,150,000	899,844
Total future debt service	**14,888,460**	**520,844**	**15,409,304**	**$8,025,703**	**$7,383,601**
Less: Interest component of future payments	(7,286,434)	(97,167)	(7,383,601)		
Principal portion of future payments	7,602,026	423,677	8,025,703		
Adjusted by:					
Unamortized bond premium	212,737		212,737		
Other borrowings	850,246		850,246		
Total debt	**$8,665,009**	**$423,677**	**$9,088,686**		

Additional information on the revenue bonds can be obtained from the 2023-24 annual financial report of the University.

For the Medical Centers' cash flow hedges, future debt service payments for the Medical Centers' variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2024, and thereafter are shown in **Tables 8.27** through **8.32**.

Although not a prediction by the Medical Centers of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates at June 30, 2024, combined debt service requirements of the variable-rate debt and net swap payments are as follows.

Table 8.27: Future debt service payments, Interest rate swaps at Davis *(in thousands of dollars at year ending June 30)*

Davis	Variable-rate bond principal	Variable-rate bond interest	Interest rate swap, net	Total
2025	$15	$182	($105)	$92
2026	20	185	(104)	101
2027	20	184	(104)	100
2028	20	184	(104)	100
2029	20	182	(103)	99
2030–2034	100	898	(506)	492
2035–2039	1,050	851	(480)	1,421
2040–2044	2,040	396	(222)	2,214
2045–2048	675	94	(53)	716
Total future debt service	**$3,960**	**$3,156**	**($1,781)**	**$5,335**

Table 8.28: Future debt service payments, Interest rate swaps at Irvine *(in thousands of dollars at year ending June 30)*

Irvine	Variable-rate bond principal	Variable-rate bond interest	Interest rate swap, net	Total
2025		$35	($20)	$15
2026		35	(20)	15
2027		35	(20)	15
2028		36	(20)	16
2029		36	(20)	16
2030–2034		177	(100)	77
2035–2039		177	(100)	77
2040–2044		178	(100)	78
2045–2048	$755	105	(59)	801
Total future debt service	**$755**	**$814**	**($459)**	**$1,110**

Table 8.29: Future debt service payments, Interest rate swaps at Los Angeles *(in thousands of dollars at year ending June 30)*

Los Angeles	Variable-rate bond principal	Variable-rate bond interest	Interest rate swap, net	Total
2025	$5,915	$9,707	($630)	$14,992
2026	6,110	9,644	(591)	15,163
2027	6,315	9,364	(540)	15,139
2028	6,550	9,087	(500)	15,137
2029	6,755	8,751	(416)	15,090
2030–2034	28,125	39,579	(1,708)	65,996
2035–2039	36,525	32,843	(1,824)	67,544
2040–2044	73,515	20,767	(1,254)	93,028
2045–2048	44,940	4,524	(525)	48,939
Total future debt service	**$214,750**	**$144,266**	**($7,988)**	**$351,028**

Table 8.30: Future Debt Service Payments, Interest Rate Swaps at San Diego *(in thousands of dollars at year ending June 30)*

San Diego	Variable-rate bond principal	Variable-rate bond interest	Interest rate swap, net	Total
2025	$1,830	$13,499	($7,765)	$7,564
2026	1,850	13,727	(7,736)	7,841
2027	1,875	13,640	(7,687)	7,828
2028	1,895	13,577	(7,657)	7,815
2029	1,925	13,438	(7,567)	7,796
2030–2034	14,125	65,723	(37,036)	42,812
2035–2039	51,235	61,557	(34,684)	78,108
2040–2044	118,555	40,273	(22,686)	136,142
2045–2048	100,690	11,684	(6,575)	105,799
Total future debt service	**$293,980**	**$247,118**	**($139,393)**	**$401,705**

Table 8.31: Future debt service payments, Interest rate swaps at San Francisco *(in thousands of dollars at year ending June 30)*

San Francisco	Variable-rate bond principal	Variable-rate bond interest	Interest rate swap, net	Total
2025	$4,450	$1,833	($38)	$6,245
2026	4,615	1,667	(37)	6,245
2027	4,780	1,460	(34)	6,206
2028	4,955	1,241	(32)	6,164
2029	5,130	1,009	(26)	6,113
2030–2034	16,540	1,630	(90)	18,080
2035–2039		123	(70)	53
2040–2044		124	(69)	55
2045–2048	525	73	(41)	557
Total future debt service	**$40,995**	**$9,160**	**($437)**	**$49,718**

Table 8.32: Total future debt service payments, Interest rate swaps *(in thousands of dollars at year ending June 30)*

Total	Variable-rate bond principal	Variable-rate bond interest	Interest rate swap, net	Total
2025	$12,210	$25,256	($8,558)	$28,908
2026	12,595	25,258	(8,488)	29,365
2027	12,990	24,683	(8,385)	29,288
2028	13,420	24,125	(8,313)	29,232
2029	13,830	23,416	(8,132)	29,114
2030–2034	58,890	108,007	(39,440)	127,457
2035–2039	88,810	95,551	(37,158)	147,203
2040–2044	194,110	61,738	(24,331)	231,517
2045–2048	147,585	16,480	(7,253)	156,812
Total future debt service	**$554,440**	**$404,514**	**($150,058)**	**$808,896**

9. Deferred Outflows and Deferred Inflows of Resources

Tables 9.1a and **9.2a** present the composition of deferred outflows and deferred inflows of resources at June 30, 2024.

Table 9.1a: Deferred outflows of resources at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net pension liability	$262,585	$406,830	$189,850	$221,078	$376,224	$1,456,567
Net retiree health benefits liability	370,076	628,754	239,359	329,365	498,912	2,066,466
Debt refunding	6,622			15,352	222	22,196
Interest rate swap agreements			13,159		895	14,054
Asset retirement obligations				21,549		21,549
Acquisitions		425,217	112,103			537,320
Total	**$639,283**	**$1,460,801**	**$554,471**	**$587,344**	**$876,253**	**$4,118,152**

Table 9.2a: Deferred inflows of resources at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net pension liability	$189,864	$165,370	$189,090	$139,765	$390,541	$1,074,630
Net retiree health benefits liability	651,200	447,707	684,893	479,533	1,055,169	3,318,502
Debt refunding			2,258			2,258
Interest rate swap agreements	795	183		60,695		61,673
Irrevocable split-interest agreements					18,216	18,216
Leases	14,110	17,820	4,147		1,778	37,855
Total	**$855,969**	**$631,080**	**$880,388**	**$679,993**	**$1,465,704**	**$4,513,134**

Tables 9.1b and **9.2b** present the composition of deferred outflows and deferred inflows of resources at June 30, 2023.

Table 9.1b: Deferred outflows of resources at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net pension liability	$315,549	$129,578	$213,210	$194,187	$485,433	$1,337,957
Net retiree health benefits liability	483,515	183,513	327,347	318,231	710,351	2,022,957
Debt refunding	6,981			17,495	278	24,754
Interest rate swap agreements			21,339		1,408	22,747
Asset retirement obligations	10,281			21,110	5,569	36,960
Acquisitions					908	908
Total	**$816,326**	**$313,091**	**$561,896**	**$551,023**	**$1,203,947**	**$3,446,283**

Table 9.2b: Deferred inflows of resources at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Net pension liability	$4,188	$2,098	$19,995	$2,953	$45,854	$75,088
Net retiree health benefits liability	594,898	270,763	666,609	417,500	895,293	2,845,063
Debt refunding			2,355			2,355
Interest rate swap agreements	698	155		53,077		53,930
Irrevocable split-interest agreements					16,845	16,845
Leases	63,752	3,529			3,206	70,487
Total	**$663,536**	**$276,545**	**$688,959**	**$473,530**	**$961,198**	**$3,063,768**

10. Retirement Plans

University of California Retirement System (UCRS)

Substantially all full-time employees of the Medical Centers participate in the UCRS, administered by the University. UCRS consists of the University of California Retirement Plan (UCRP), a single employer defined benefit pension plan, and the University of California Retirement Savings Program (UCRSP) that includes four defined contribution retirement plans with several investment portfolios generally funded with employee non-elective and elective contributions. The Regents has the authority to establish and amend the UCRS plans. Additional information on the retirement plans can be obtained from the 2023-24 annual report of the University of California Retirement System at https://reportingtransparency.universityofcalifornia.edu.

UCRP provides lifetime retirement income, disability protection, death benefits and postretirement and preretirement survivor benefits to eligible employees of the University, and its affiliates. Additional information on UCRP can be obtained from the 2023-24 annual report of the UCRS.

Contributions

Contributions to the UCRP may be made by the Medical Centers and the employees. The rates for contributions as a percentage of payroll are determined annually pursuant to The Regents' funding policy and based upon recommendations of a consulting actuary. The Regents determines the portion of the total contribution to be made by the Medical Centers and by the employees. Employee contributions by represented employees are subject to collective bargaining agreements. Employee contributions range from 7.0 percent to 9.0 percent. The University pays a uniform contribution rate on behalf of all UCRP active members. The contribution rate was 14.0 percent for the years ended June 30, 2024 and 2023, respectively. The University contribution rate will be 14.5 percent for the fiscal year ending June 30, 2025 and then will be increased by 0.5 percent per year, on July 1st, until reaching 18.0 percent. Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or, if they are a member of certain tiers, a lump sum equal to the present value of their accrued benefits.

Tables 10.1a and **10.1b** present contributions to the UCRP during the years ended June 30, 2024 and 2023, respectively.

Table 10.1a: UCRP contributions in 2024 *(in thousands of dollars)*

Location	Medical Center	Employees	Total
Davis	$189,294	$113,525	$302,819
Irvine	95,969	58,462	154,431
Los Angeles	165,981	104,554	270,535
San Diego	137,326	84,905	222,231
San Francisco	253,478	150,896	404,374
Total	**$842,048**	**$512,342**	**$1,354,390**

Table 10.1b: UCRP contributions in 2023 *(in thousands of dollars)*

Location	Medical Center	Employees	Total
Davis	$168,790	$101,240	$270,030
Irvine	73,635	44,885	118,520
Los Angeles	151,748	93,809	245,557
San Diego	119,008	72,960	191,968
San Francisco	238,919	140,832	379,751
Total	**$752,100**	**$453,726**	**$1,205,826**

Additional deposits were made by the University to UCRP of $500.0 million each for fiscal years ended June 30, 2024 and 2023. The Medical Centers' reported pension expense and increase in the pension payable to the University for their portion of these additional deposits based upon their proportionate share of covered compensation for the year ended June 30, are presented in **Table 10.2.**

Table 10.2: Medical Centers' portion of additional deposits to UCRP *(in thousands of dollars)*

Location	2024	2023
Davis	$39,556	$39,094
Irvine	20,054	17,055
Los Angeles	34,684	35,147
San Diego	28,696	27,564
San Francisco	52,968	55,336
Total	**$175,958**	**$174,196**

Net Pension Liability

Tables 10.3a and **10.3b** present the Medical Centers' proportional percentage and proportionate share of the net pension liability for UCRP at June 30, 2024, and 2023, respectively.

Table 10.3a: Proportionate share of the net pension liability at June 30, 2024 *(in thousands of dollars)*

Location	Proportion of the net pension liability	Proportionate share of the net pension liability
Davis	7.8%	$1,344,486
Irvine	5.3	923,324
Los Angeles	6.9	1,194,585
San Diego	5.9	1,024,015
San Francisco	10.4	1,800,362
Total	**36.3%**	**$6,286,772**

Table 10.3b: Proportionate share of the net pension liability at June 30, 2023 *(in thousands of dollars)*

Location	Proportion of the net pension liability	Proportionate share of the net pension liability
Davis	7.8%	$1,529,126
Irvine	3.4	667,084
Los Angeles	7.0	1,374,737
San Diego	5.5	1,078,132
San Francisco	11.1	2,164,448
Total	**34.8%**	**$6,813,527**

The Medical Centers' net pension liability was measured at June 30 and calculated using the plan net position valued at the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations at July 1, 2023 and 2022, respectively. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of certain events occurring far into the future. Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used at June 30, 2024 and 2023 were based upon the results of an experience study conducted for the period July 1, 2018 through June 30, 2022.

Table 10.4 presents actuarial assumptions used in calculating the Medical Centers' net pension liability.

Table 10.4: UCRP actuarial assumptions

Description	2024	2023
Discount rate	6.75%	6.75%
Inflation	2.50	2.50
Investment rate of return	6.75	6.75
Projected salary increases	3.65–5.95	3.65–5.95
Cost-of-living adjustments: FYE 6/30/2023		2.90
Cost-of-living adjustments: Future years	2.00	2.00

Discount Rate

To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRP has sufficient cash in future periods for projected benefit payments for current members. For this purpose, Medical Center contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected Medical Center and member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years at June 30, 2024 and 2023.

Investment Rate of Return

The long-term expected investment rate of return assumption for UCRP was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used to derive the long-term expected investment rate of return assumption can be obtained from Note 7 to the Financial Statements from the 2023–24 annual report of the UCRS.

Mortality Rates

Table 10.5 presents mortality rates valuation basis used to calculate the Medical Centers' net pension liability.

Table 10.5: UCRP mortality rates valuation basis

Description	Actuarial valuation basis
Pre-Retirement	Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), decreased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Post-Retirement	The Pub-2010 mortality tables and adjustments as shown below reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
Post-Retirement: Healthy Members	• Faculty members – Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), decreased by 15% for males and decreased by 5% for females projected generationally with the two-dimensional mortality improvement scale MP-2021. • Staff and Safety members – Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Post-Retirement: Disabled Members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) unadjusted for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Post-Retirement: Beneficiaries	• In pay status as of valuation – Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) unadjusted for males and decreased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021. • Not in pay status as of valuation – Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

Table 10.6 presents the June 30, 2024 net pension liability of the Medical Centers calculated using the June 30, 2024 discount rate assumption of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate one percent lower and one percent higher than the current assumption.

Table 10.6: UCRP Sensitivity of the net pension liability to changes in the discount rate *(in thousands of dollars)*

Location	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Davis	$2,493,375	$1,344,486	$403,562
Irvine	1,712,322	923,324	277,146
Los Angeles	2,215,380	1,194,585	358,568
San Diego	1,899,055	1,024,015	307,369
San Francisco	3,338,805	1,800,362	540,399
Total	**$11,658,937**	**$6,286,772**	**$1,887,044**

Deferred Outflows of Resources and Deferred Inflows of Resources

Tables 10.7a and **10.8a** present the composition of deferred outflows and deferred inflows of resources for UCRP at June 30, 2024.

Table 10.7a: UCRP deferred outflows of resources at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$78,034	$277,982	$25,875	$80,516	$86,113	$548,520
Changes of assumptions or other inputs	23,581	16,195	20,953	17,961	31,578	110,268
Difference between expected and actual experience	160,970	110,545	143,022	122,601	215,549	752,687
Total	**$262,585**	**$404,722**	**$189,850**	**$221,078**	**$333,240**	**$1,411,475**

Table 10.8a: UCRP deferred inflows of resources at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$6,357	$39,176	$26,044		$88,378	$159,955
Net difference between projected and actual earnings on pension plan investments	183,507	126,022	163,046	$139,765	245,727	858,067
Total	**$189,864**	**$165,198**	**$189,090**	**$139,765**	**$334,105**	**$1,018,022**

Tables 10.7b and **10.8b** present the composition of deferred outflows and deferred inflows of resources for UCRP at June 30, 2023.

Table 10.7b: UCRP deferred outflows of resources at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$102,523	$33,765	$21,693	$43,991	$116,886	$318,858
Changes of assumptions or other inputs	32,548	14,199	29,261	22,948	46,069	145,025
Net difference between projected and actual earnings on pension plan investments	131,330	57,293	118,071	92,596	185,896	585,186
Difference between expected and actual experience	49,148	21,441	44,185	34,652	69,567	218,993
Total	**$315,549**	**$126,698**	**$213,210**	**$194,187**	**$418,418**	**$1,268,062**

Table 10.8b: UCRP deferred inflows of resources at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions			$16,230			$16,230
Difference between expected and actual experience	$4,188	$1,827	3,765	$2,953	$5,928	18,661
Total	**$4,188**	**$1,827**	**$19,995**	**$2,953**	**$5,928**	**$34,891**

Table 10.9 presents net deferred outflows and deferred inflows of resources related to UCRP that will be recognized in pension expense during the years ended June 30 in future years.

Table 10.9: UCRP net deferred outflows and deferred inflows of resources in future years *(in thousands of dollars)*

Fiscal Year	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
2025	($11,594)	$34,621	($41,922)	($8,488)	($46,824)	($74,207)
2026	192,836	180,246	149,475	151,595	230,710	904,862
2027	(53,489)	17,436	(55,747)	(30,687)	(94,059)	(216,546)
2028	(55,032)	7,221	(51,046)	(31,107)	(90,692)	(220,656)
Total	**$72,721**	**$239,524**	**$760**	**$81,313**	**($865)**	**$393,453**

The UCRSP's (Defined Contribution (DC) Plan, Supplemental DC Plan, 403(b) Plan and 457(b) Plan) provide savings incentives and additional retirement security for all eligible employees. Additional information on the UCRSP plans can be obtained from the 2023-24 annual report of the UCRS.

Orange County Employees Retirement System

Orange County Employees Retirement System (OCERS) administers a cost-sharing multiemployer governmental defined benefit pension plan for the county of Orange, city of San Juan Capistrano and 13 special districts. Certain employees of the University of California, Irvine Medical Center were eligible to continue to participate in OCERS at the time the hospital was acquired.

OCERS provides retirement, disability and death benefits. Retirement benefits are tiered based upon date of OCERS membership. Participation in OCERS for UC Irvine Medical Center employees is closed. UC Irvine Medical Center's share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon its specific actuarial accrued liability and a share of assets allocated in accordance with a formula set forth in OCERS' policy. The fiduciary net position and changes in net position have been measured consistent with the accounting policies used by OCERS. Pursuant to an agreement between the University and the county of Orange (OC), the University and OC will equally split the contributions and net pension liability. The amounts reported in the financial statements reflect the University's share of the net pension liability, deferred inflows and outflows and pension expense.

Additional information on OCERS can be obtained from the 2023-2024 annual reports of the Orange County Employees Retirement System at https://www.ocers.org.

Membership in the OCERS Plan consisted of the following at December 31, 2023: 21,283 retired members and beneficiaries, 8,579 inactive members and 22,782 active members.

Contributions

Contribution rates for OCERS are set by the OCERS Board of Retirement.

Net Pension Liability

The Irvine Medical Center's proportionate share of the net pension liability was $13.3 million and $14.7 million at June 30, 2024 and 2023, respectively. Irvine Medical Center's net pension liability for OCERS was measured at June 30, 2024 and 2023, and the total pension liability was determined by an actuarial valuation at December 31, 2023 and 2022 rolled forward to June 30, 2024 and 2023, respectively.

The actuarial assumptions used in 2024 was based on the results of an experience study for the period from January 1, 2020 through December 31, 2022 and the actuarial assumptions used in 2023 was based on the results of an experience study for the period from January 1, 2017 through December 31, 2019.

Table 10.10 presents the assumptions used to calculate the net pension liability for the Plan at June 30, 2024 and 2023.

Table 10.10: OCERS actuarial assumptions

Description	2024	2023
Discount rate	7.0%	7.0%
Inflation	2.5	2.5
Investment rate of return	7.0	7.0
Projected salary increases: General	3.9–8.0	4.0–11.0
Projected salary increases: Safety	4.5–15.0	4.6–15.0
Cost-of-living adjustments	2.75	2.75

Discount Rate

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rate. For this purpose, only employer contributions will be made at rates equal to the actuarially determined contribution rates.

Investment Rate of Return

Table 10.11 presents the target allocation and projected arithmetic real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the OCERS Plan.

Table 10.11: OCERS investment rate of return

Description	Target allocation	Long-term expected real rate of return[1]
Global equity	45.0%	7.1%
Investment grade bonds	9.0	2.0
High yield bond	0.5	4.6
TIPS	2.0	1.8
Emerging market debt	0.5	4.7
Long-term government bonds	3.3	2.8
Real estate	3.0	3.9
Private equity	15.0	9.8
Private credit	3.5	6.5
Value added real estate	3.0	7.4
Opportunistic real estate	1.0	9.7
Energy	2.0	10.9
Infrastructure (Core private)	1.0	6.0
Infrastructure (Non-core private)	3.0	8.9
Global macro	1.7	3.2
CTA (Trend following)	3.3	3.2
Alternative risk premia	1.7	3.2
Special situations lending	1.5	9.0
Total	**100.0%**	**6.6%**

[1]*Arithmetic real rates of return are net of inflation*

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

Table 10.12 presents the net pension liability calculated using the June 30, 2024 discount rate assumption of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate one percent lower and one percent higher than the current assumption.

Table 10.12: OCERS sensitivity of the net pension liability to changes in the discount rate *(in thousands of dollars)*

Description	1% Decrease (6.0%)	Current discount (7.0%)	1% Increase (8.0%)
Net pension liability	**$19,729**	**$13,278**	**$8,004**

Deferred Outflows of Resources and Deferred Inflows of Resources

Tables 10.13 and **10.14** present the composition of deferred outflows and deferred inflows of resources at June 30 2024 and 2023, respectively.

Table 10.13: OCERS deferred outflows of resources *(in thousands of dollars)*

Description	2024	2023
Difference between expected and actual experience	$1,163	$943
Changes of assumptions or other inputs	35	3
Net difference between projected and actual earnings on pension plan investments	910	1,934
Total	**$2,108**	**$2,880**

Table 10.14: OCERS deferred inflows of resources *(in thousands of dollars)*

Description	2024	2023
Difference between expected and actual experience		$4
Changes of assumptions or other inputs	$172	267
Total	**$172**	**$271**

Table 10.15 presents the net deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense for OCERS in future years.

Table 10.15: OCERS net deferred outflows and deferred inflows of resources in future years *(in thousands of dollars at year ending June 30)*

Fiscal Year	Total
2025	$256
2026	555
2027	1,228
2028	(152)
2029	49
Total	**$1,936**

Children's Hospital and Research Center Oakland Pension Plan

CHRCO administers the CHRCO Pension Plan as the sponsor and plan assets are held by State Street Bank and Trust Company (the Trustee). The CHRCO Pension Plan is a noncontributory defined benefit plan subject to the single employer defined benefit under ERISA rules that covers active and retired employees. The CHRCO Pension Plan was amended effective January 1, 2012 to exclude unrepresented employees hired or rehired on or after January 1, 2012. The CHRCO Pension Plan provides retirement, disability and death benefits to plan participants. Benefits are based on a participant's length of service, age at retirement and average compensation as defined by the CHRCO Pension Plan.

Table 10.16 presents assumptions used to calculate the net pension liability for the CHRCO Pension Plan.

Table 10.16: CHRCO actuarial assumptions

Description	2024	2023
Inflation	3.00%	3.00%
Investment rate of return	7.00%	7.00%
Projected salary increases:		
Represented employees	4.50% for FYE 2024, 4.50% for FYE 2025, 4.20% for FYE 2026 and 3.50% for FYE 2027 annually thereafter	4.00% for FYE 2023, 4.10% for FYE 2024, 4.30% for FYE 2025 and 3.50% for FYE 2026 annually thereafter
Unrepresented employees	4.20% for FYE 2024, 4.20% for FYE 2025 and 3.50% for FYE 2026 annually thereafter	4.00% for FYE 2023, 4.50% for FYE 2024, 4.00% for FYE 2025 and 3.50% for FYE 2026 annually thereafter
Cost-of-living adjustments	N/A	N/A

CHRCO recognized pension expense of $36.1 million and $44.2 million for the years ended June 30, 2024 and 2023, respectively.

The actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on the results of an experience study conducted during 2024. The mortality rates were based on the Pri-2012 Mortality Table with fully generational projected mortality improvements using Scale MP-2021.

Additional information on the CHRCO Pension Plan can be obtained from Children's Hospital Oakland, Finance Department, 747 52nd Street, Oakland, CA 94609.

Table 10.17 presents condensed financial information for the CHRCO Pension Plan at and for the years ended June 30, 2024 and 2023.

Table 10.17: Children's Hospital and Research Center Oakland pension plan condensed financial information *(in thousands of dollars)*

Description	2024	2023
Condensed statement of plan fiduciary net position		
Investments at fair value	$690,589	$623,856
Total assets	**690,589**	**623,856**
Net position held in trust	**$690,589**	**$623,856**
Condensed statement of changes in plan fiduciary net position		
Contributions	$46,500	$41,400
Investment and other income, net	90,743	73,339
Total additions, net	**137,243**	**114,739**
Benefit payment and participant withdrawals	65,531	25,027
Plan expense	4,979	4,073
Total deductions	70,510	29,100
Change in net position held in trust	**66,733**	**85,639**
Net position held in trust		
Beginning of year	623,856	538,217
End of year	**$690,589**	**$623,856**
Changes in total pension liability		
Service cost	$14,012	$14,159
Interest	45,927	44,522
Changes of benefit terms	3,805	
Difference between expected and actual experience	23,722	6,851
Changes of assumptions and other inputs	(6,149)	(23,590)
Benefits paid, including refunds of employee contributions	(65,531)	(25,027)
Net change in total pension liability	**15,786**	**16,915**
Total pension liability		
Beginning of year	674,850	657,935
End of year	**690,636**	**674,850**
Net pension liability, end of year	**$47**	**$50,994**

Table 10.18 presents membership in the CHRCO Pension Plan at June 30, 2024.

Table 10.18: CHRCO pension plan membership

Description	Total
Retirees and beneficiaries receiving benefits	1,456
Inactive members entitled to, but not yet receiving benefits	618
Active members	1,883
Total membership	**3,957**

Contributions

Employer contributions for the CHRCO Pension Plan are determined under IRC Section 430. Employees are not required or permitted to contribute to the CHRCO Pension Plan.

Net Pension Liability

The net pension liability for the CHRCO Pension Plan was measured as of June 30 and the total pension liability was determined by an actuarial valuation at January 1, rolled forward to June 30.

Discount Rate

The discount rate used to estimate the net pension liability was 7 percent for June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the plan under IRC Section 430's minimum requirements for a period of three and six years for its unrepresented and represented employees, respectively, and that all future assumptions are met. Based on these assumptions, the CHRCO Pension Plan fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Investment Rate of Return

Table 10.19 presents the target allocation and projected arithmetic real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the CHRCO Pension Plan.

Table 10.19: CHRCO pension plan investment rate of return

Description	Target allocation	Projected real rate of return
Asset class:		
Global equity	70.0%	5.0%
Core fixed income	30.0	1.8
Total	**100.0%**	

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

Table 10.20 presents the current-period net pension liability calculated using the June 30, 2024 discount rate assumption of 7 percent, as well as what the net pension liability would be if it were calculated using a discount rate one percent lower and one percent higher than the current assumption.

Table 10.20: CHRCO pension plan sensitivity of the net pension liability to the discount rate assumption *(in thousands of dollars)*

Description	1% Decrease (6%)	Current discount (7%)	1% Increase (8%)
Net pension liability	$90,643	$47	($75,146)

Deferred Outflows of Resources and Deferred Inflows of Resources

Tables 10.21 and **10.22** present the components of deferred outflows and deferred inflows of resources as of June 30, 2024 and 2023, respectively.

Table 10.21: CHRCO pension plan deferred outflows of resources *(in thousands of dollars)*

Description	2024	2023
Difference between expected and actual experience	$36,869	$27,689
Changes of assumptions	6,115	10,675
Net difference between projected and actual earnings on pension plan investments		28,651
Total	**$42,984**	**$67,015**

Table 10.22: CHRCO pension plan deferred inflows of resources *(in thousands of dollars)*

Description	2024	2023
Difference between expected and actual experience	$1,604	$2,091
Changes of assumptions	32,733	37,835
Net difference between projected and actual earnings on pension plan investments	22,099	
Total	**$56,436**	**$39,926**

Table 10.23 presents the net deferred outflows and deferred inflows of resources related to pensions that will be recognized in pension expense for the CHRCO Pension Plan during the years ending June 30.

Table 10.23: CHRCO pension plan net deferred outflows and deferred inflows of resources in future years Year ending June 30 *(in thousands of dollars)*

Fiscal year	Total
2025	$2,053
2026	12,555
2027	(18,839)
2028	(10,691)
2029	1,470
Total	**($13,452)**

11. Retiree Health Benefits Plans

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through the University of California Retiree Health Benefit Program. The Regents has the authority to establish and amend the program. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits.

Additional information on the retiree health plans can be obtained from the 2023-24 annual financial report of the University.

Contributions

Campus and Medical Center contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments or are received from the retiree through direct pay. The University also remits these retiree contributions to UCRHBT. Contributions toward benefits are shared with the retiree. Retirees are required to pay the difference between the employer's contribution and the full cost

of the health insurance. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at a campus or Medical Center. UCRHBT reimburses the University for these amounts.

The contribution requirements are based upon projected pay-as-you-go financing requirements. The retiree health benefits assessment rate was $2.23 per $100 of UCRP covered payroll effective July 1, 2023 and 2022.

Table 11.1 presents the Medical Centers' cash contributions to the UCRHBT for the years ended June 30, 2024 and 2023.

Table 11.1: Cash contributions to UCRHBT *(in thousands of dollars)*

Location	2024	2023
Davis	$31,173	$27,804
Irvine	15,803	12,048
Los Angeles	27,207	24,842
San Diego	22,479	19,449
San Francisco	42,076	39,876
Total	**$138,738**	**$124,019**

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. The effect is the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Table 11.2 presents the Medical Centers' implicit subsidy contributions for the years ended June 30, 2024 and 2023.

Table 11.2: Implicit subsidy contributions *(in thousands of dollars)*

Location	2024	2023
Davis	$9,759	$9,132
Irvine	6,857	3,958
Los Angeles	8,773	8,157
San Diego	7,440	6,387
San Francisco	13,173	13,101
Total	**$46,002**	**$40,735**

Net Retiree Health Benefits Liability

Tables 11.3a and **11.3b** present the Medical Centers' proportionate share of the net retiree health benefits liability at June 30, 2024 and 2023, respectively.

Table 11.3a: Net retiree health benefits liability at June 30, 2024 *(in thousands of dollars)*

Location	Proportion of the net retiree health benefits liability	Proportionate share of the net retiree health benefits liability
Davis	7.4%	$1,495,319
Irvine	5.2	1,050,984
Los Angeles	6.6	1,343,961
San Diego	5.6	1,139,851
San Francisco	9.9	2,018,376
Total	**34.7%**	**$7,048,491**

Table 11.3b: Net retiree health benefits liability at June 30, 2023 *(in thousands of dollars)*

Location	Proportion of the net retiree health benefits liability	Proportionate share of the net retiree health benefits liability
Davis	7.5%	$1,621,188
Irvine	3.2	702,471
Los Angeles	6.7	1,448,495
San Diego	5.2	1,133,878
San Francisco	10.7	2,324,959
Total	**33.3%**	**$7,230,991**

The Medical Centers' net retiree health benefits liability was measured at June 30, 2024 and 2023 and calculated using the plan net position valued as of the measurement date and total retiree health benefits liability based upon rolling forward the results of the actuarial valuations at March 1, 2023 and 2022, respectively. Actuarial valuations represent a long-term perspective and include estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future.

Table 11.4 presents actuarial assumptions used to calculate the Medical Centers' net retiree health benefits liability.

Table 11.4: Net retiree health benefits actuarial assumptions

Description	2024	2023
Discount rate[1]	3.93%	3.65%
Investment rate of return	2.50%	2.50%
Inflation	2.50%	2.50%
Initial medical trend rate	0.20%–20.46%	(3.06%)–29.06%
Ultimate medical trend rate	3.94%	3.94%
Year ultimate trend rate reached	2076	2075

[1]*The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCRHBT plan assets are not sufficient to make benefit payments.*

Mortality Rates

Table 11.5 presents the mortality rates valuation basis used to calculate the Medical Centers' net retiree health benefits liability.

Table 11.5: Mortality rates valuation basis

Description	Mortality rates valuation basis
Pre-Retirement	Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Post-Retirement: Healthy Participants	Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows: • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females
Post-Retirement: Spouses/Domestic Partners	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.
Post-Retirement: Disabled Members	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used were based upon the results of the most recent experience study covering the period of July 1, 2018 through June 30, 2022.

Sensitivity of Net Retiree Health Benefits Liability to the Health Care Cost Trend Rate

Table 11.6 presents the June 30, 2024 net retiree health benefits liability of the Medical Centers calculated using the June 30, 2024 health care cost trend rate assumption with initial trend ranging from 0.2 percent to 20.5 percent grading down to an ultimate trend of 3.9 percent over 52 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate one percent lower and one percent higher than the current assumption:

Table 11.6: Sensitivity to the health care cost trend rate *(in thousands of dollars)*

Location	1% Decrease (-0.80% to 19.46%) decreasing to (2.94%)	Current trend (0.20% to 20.46%) decreasing to (3.94%)	1% Increase (1.20% to 21.46%) decreasing to (4.94%)
Davis	$1,262,704	$1,495,319	$1,795,771
Irvine	887,490	1,050,984	1,262,157
Los Angeles	1,134,891	1,343,961	1,614,001
San Diego	962,533	1,139,851	1,368,879
San Francisco	1,704,393	2,018,376	2,423,925
Total	**$5,952,011**	**$7,048,491**	**$8,464,733**

Sensitivity of Net Retiree Health Benefits Liability to the Discount Rate Assumption

Table 11.7 presents the June 30, 2024 net retiree health benefits liability of the Medical Centers calculated using the June 30, 2024 discount rate assumption of 3.93 percent, as well as what the net retiree health benefits liability would be if it were calculated using a discount rate one percent lower and one percent higher than the current assumption.

Table 11.7: Sensitivity to the discount rate assumption *(in thousands of dollars)*

Location	1% Decrease (2.93%)	Current discount (3.93%)	1% Increase (4.93%)
Davis	$1,752,400	$1,495,319	$1,288,416
Irvine	1,231,673	1,050,984	905,562
Los Angeles	1,575,020	1,343,961	1,158,001
San Diego	1,335,819	1,139,851	982,133
San Francisco	2,365,384	2,018,376	1,739,100
Total	**$8,260,296**	**$7,048,491**	**$6,073,212**

Deferred Outflows of Resources and Deferred Inflows of Resources

Tables 11.8a and **11.9a** present the components of deferred outflows and deferred inflows of resources for retiree health benefits at June 30, 2024.

Table 11.8a: Components of deferred outflows for retiree health benefits at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$130,247	$460,190	$23,805	$146,548	$175,191	$935,981
Changes in assumptions or other inputs	172,044	120,921	154,630	131,146	232,225	810,966
Difference between expected and actual experience	67,785	47,643	60,924	51,671	91,496	319,519
Total	**$370,076**	**$628,754**	**$239,359**	**$329,365**	**$498,912**	**$2,066,466**

Table 11.9a: Components of deferred inflows for retiree health benefits at June 30, 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$28,104	$9,764	$124,869	$4,560	$214,115	$381,412
Changes in assumptions or other inputs	518,566	364,474	466,076	395,292	699,959	2,444,367
Net difference between projected and actual earnings on plan investments	235	165	210	179	317	1,106
Difference between expected and actual experience	104,295	73,304	93,738	79,502	140,778	491,617
Total	**$651,200**	**$447,707**	**$684,893**	**$479,533**	**$1,055,169**	**$3,318,502**

Tables 11.8b and **11.9b** present the components of deferred outflows and deferred inflows of resources for retiree health benefits at June 30, 2023.

Table 11.8b: Components of deferred outflows for retiree health benefits at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$157,445	$42,224	$36,011	$90,174	$242,731	$568,585
Changes in assumptions or other inputs	257,120	111,412	229,731	179,833	368,738	1,146,834
Net difference between projected and actual earnings on plan investments	155	68	139	108	223	693
Difference between expected and actual experience	68,628	29,737	61,317	47,999	98,420	306,101
Total	**$483,348**	**$183,441**	**$327,198**	**$318,114**	**$710,112**	**$2,022,213**

Table 11.9b: Components of deferred inflows for retiree health benefits at June 30, 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Changes in proportion and differences between location's contributions and proportionate share of contributions	$5,446	$15,350	$139,947	$5,230	$49,956	$215,929
Changes in assumptions or other inputs	429,838	186,252	384,051	300,634	616,434	1,917,209
Difference between expected and actual experience	159,447	69,089	142,462	111,519	228,664	711,181
Total	**$594,731**	**$270,691**	**$666,460**	**$417,383**	**$895,054**	**$2,844,319**

Table 11.10 presents the net deferred outflows and deferred inflows of resources related to retiree health benefits that will be recognized in retiree health benefit expense during the years ended June 30.

Table 11.10: Net deferred outflows and deferred inflows of resources for retiree health benefits *(in thousands of dollars)*

Fiscal year	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
2025	($61,708)	$162	($93,750)	($26,146)	($83,418)	($264,860)
2026	(37,524)	21,722	(76,806)	(16,856)	(69,232)	(178,696)
2027	(24,783)	31,762	(56,077)	(12,944)	(66,168)	(128,210)
2028	(36,669)	22,337	(62,912)	(26,190)	(90,176)	(193,610)
2029	(52,348)	12,115	(73,169)	(39,343)	(107,945)	(260,690)
Thereafter	(68,092)	92,949	(82,820)	(28,689)	(139,318)	(225,970)
Total	**($281,124)**	**$181,047**	**($445,534)**	**($150,168)**	**($556,257)**	**($1,252,036)**

12. Self-Insurance

The Medical Centers are insured through the University's and its captive's malpractice, general liability, workers' compensation and health and welfare programs. All operating departments of the University, including the Medical Centers, are charged premiums to finance the workers' compensation and health and welfare programs. The Medical Centers are also charged premiums to finance the malpractice insurance. All claims and related expenses are paid from the University's self-insurance funds or the University's wholly owned captive insurance company. Such risks are subject to various per-claim and aggregate limits, with excess liability coverage provided by independent insurers.

Malpractice and general liability premiums are recorded as insurance and other expense in the statements of revenues, expenses and changes in net position. Workers' compensation premiums, net of refunds, are included as other employee benefits in the statements of revenues, expenses and changes in net position.

Tables 12a and **12b** present CHRCO's self-insurance activity in 2024 and 2023, respectively.

Table 12a: CHRCO Self-insurance activity in 2024 *(in thousands of dollars)*

Description	Medical malpractice	Workers' compensation	Employee health care	Total
Liabilities at June 30, 2023	$5,622	$11,953	$1,929	$19,504
Claims incurred and changes in estimates	1,214	5,121	10,786	17,121
Claim payments	(197)	(3,582)	(10,822)	(14,601)
Liabilities at June 30, 2024	**$6,639**	**$13,492**	**$1,893**	**$22,024**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	

Table 12b: CHRCO Self-insurance activity in 2023 *(in thousands of dollars)*

Description	Medical malpractice	Workers' compensation	Employee health care	Total
Liabilities at June 30, 2022	$5,683	$9,900	$1,970	$17,553
Claims incurred and changes in estimates	172	5,308	11,487	16,967
Claim payments	(233)	(3,255)	(11,528)	(15,016)
Liabilities at June 30, 2023	**$5,622**	**$11,953**	**$1,929**	**$19,504**
Discount rate	**Undiscounted**	**5.0%**	**Undiscounted**	

CHRCO has two irrevocable letters of credit with a bank totaling $5.6 million as of June 30, 2024, which is mostly security for the workers' compensation large dollar insurance deductible. No amounts were drawn on the letter of credit as of June 30, 2024.

13. Transactions with Other University Entities

Services purchased from the University include office and medical supplies, building maintenance, repairs and maintenance, administrative, treasury, medical services and insurance. Services provided to the University include physician office rentals, pharmaceuticals, billing services, medical supplies and cafeteria services. Such amounts are netted and reported in the statements of revenues, expenses and changes in net position for the years ended June 30 as follows:

Tables 13.1a and **13.1b** present transactions with other University entities for the years ended June 30, 2024 and 2023, respectively.

Table 13.1a: Transactions of (income) expenses with other University entities in 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Other employee benefits	$13,491	$8,167	$25,143	$16,488	($1,027)	$62,262
Professional services	66,400	5,694	924	97,371	1,177,134	1,347,523
Other supplies and purchased services	10,555	99,336	86,133	80,164	121,294	397,482
Insurance and other	16,476	14,348	36,789	23,170	20,104	110,887
Interest income, net	(54,077)	(62,462)	(101,560)	(15,294)	(142,104)	(375,497)
Total	**$52,845**	**$65,083**	**$47,429**	**$201,899**	**$1,175,401**	**$1,542,657**

Table 13.1b: Transactions of (income) expenses with other University entities in 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Other employee benefits	$12,372	$6,191	$26,247	$13,212	$1,417	$59,439
Professional services	10,555	5,187	877	86,143	1,053,336	1,156,098
Other supplies and purchased services	(15,313)	88,797	93,957	35,864	103,408	306,713
Insurance and other	21,344	11,228	32,597	17,381	16,849	99,399
Interest income, net	(49,072)	(35,434)	(64,170)	(12,559)	(68,273)	(229,508)
Total	**($20,114)**	**$75,969**	**$89,508**	**$140,041**	**$1,106,737**	**$1,392,141**

Additionally, the Medical Centers make payments to the Schools of Medicine. Services purchased from the Schools of Medicine include physician services that benefit the Medical Centers, such as emergency room coverage, physicians providing medical direction to the Medical Centers and the Medical Centers' allocation of malpractice insurance. Such expenses are reported as operating expenses in the statements of revenues, expenses and changes in net position. Health system support includes amounts paid to the Schools of Medicine by the Medical Centers to fund the operating activities, clinical research and faculty practice plans and other payments made to support various programs.

Tables 13.2a and **13.2b** present payments between the Medical Centers and the University for the years ended June 30, 2024 and 2023, respectively.

Table 13.2a: Payments to the University in 2024 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Reported as operating expenses	$52,845	$65,083	$47,429	$201,899	$1,175,401	$1,542,657
Reported as health system support	96,832	152,817	361,893	329,552	259,025	1,200,119
Total payments to the University	**$149,677**	**$217,900**	**$409,322**	**$531,451**	**$1,434,426**	**$2,742,776**

Table 13.2b: Payments to (from) the University in 2023 *(in thousands of dollars)*

Description	Davis	Irvine	Los Angeles	San Diego	San Francisco	Total
Reported as operating expenses	($20,114)	$75,969	$89,508	$140,041	$1,106,737	$1,392,141
Reported as health system support	150,812	118,682	275,605	265,853	137,141	948,093
Total payments to the University	**$130,698**	**$194,651**	**$365,113**	**$405,894**	**$1,243,878**	**$2,340,234**

14. Component Unit Information

Condensed combining financial statement information related to San Francisco for the year ended June 30, 2024 is as follows:

Table 14.1a: Condensed statement of net position at June 30, 2024 *(in thousands of dollars)*

Description	UCSF *(Primary Government)*	CHRCO	Eliminations	San Francisco Total
Current assets	$3,901,531	$392,181	($248)	$4,293,464
Capital assets, net	3,339,130	501,454	(205)	3,840,379
Other assets	697,664	375,985		1,073,649
Total assets	**7,938,325**	**1,269,620**	**(453)**	**9,207,492**
Total deferred outflows of resources	**833,269**	**42,984**		**876,253**
Current liabilities	1,529,125	220,749	(248)	1,749,626
Long-term debt, net of current portion	2,465,741	114,772		2,580,513
Other noncurrent liabilities	4,556,588	32,258		4,588,846
Total liabilities	**8,551,454**	**367,779**	**(248)**	**8,918,985**
Total deferred inflows of resources	**1,389,479**	**76,430**	**(205)**	**1,465,704**
Net investment in capital assets	1,433,542	382,942	42	1,816,526
Restricted: Nonexpendable endowments and gifts		35,465		35,465
Restricted: Expendable	23,688	78,929		102,617
Unrestricted	(2,626,569)	371,059	(42)	(2,255,552)
Total net position	**($1,169,339)**	**$868,395**		**($300,944)**

Table 14.2a: Condensed statement of revenues, expenses and changes in net position for the year ended June 30, 2024
(in thousands of dollars)

Description	UCSF *(Primary Government)*	CHRCO	Eliminations	San Francisco Total
Net patient service revenue	$6,577,733	$820,601	($42,569)	$7,355,765
Grants and contracts		11,498		11,498
Other operating revenue	217,146	33,989		251,135
Operating expenses before depreciation	(6,133,561)	(777,876)		(6,911,437)
Depreciation expense	(192,242)	(32,990)	246	(224,986)
Operating income	**469,076**	**55,222**	**(42,323)**	**481,975**
Nonoperating revenues, net	**61,045**	**51,101**	**(246)**	**111,900**
Income before other changes in net position	**530,121**	**106,323**	**(42,569)**	**593,875**
Other, including donated assets	(249,076)	(5,967)	42,569	(212,474)
Change in net position	**281,045**	**100,356**		**381,401**
Net position: Beginning of year	(1,450,384)	768,039		(682,345)
Net position: End of year	**($1,169,339)**	**$868,395**		**($300,944)**

Table 14.3a: Condensed statement of cash flows for the year ended June 30, 2024 *(in thousands of dollars)*

Description	UCSF *(Primary Government)*	CHRCO	Eliminations	San Francisco Total
Net cash provided (used) by:				
Operating activities	$820,797	$35,181	($42,850)	$813,128
Noncapital financing activities	(268,972)	16,797	42,569	(209,606)
Capital and related financing activities	(706,527)	(73,462)	281	(779,708)
Investing activities	654,140	21,410		675,550
Net change in cash and cash equivalents	**499,438**	**(74)**		**499,364**
Cash and cash equivalents: Beginning of year	2,093,663	196,616		2,290,279
Cash and cash equivalents: End of year	**$2,593,101**	**$196,542**		**$2,789,643**

Condensed combining financial statement information related to San Francisco for the year ended June 30, 2023 is as follows:

Table 14.1b: Condensed statement of net position at June 30, 2023 *(in thousands of dollars)*

Description	UCSF *(Primary Government)*	CHRCO	Eliminations	San Francisco Total
Current assets	$3,225,267	$331,357	($282)	$3,556,342
Capital assets, net	3,004,945	458,692	(451)	3,463,186
Other assets	1,211,991	373,326	(247)	1,585,070
Total assets	**7,442,203**	**1,163,375**	**(980)**	**8,604,598**
Total deferred outflows of resources	**1,136,932**	**67,015**		**1,203,947**
Current liabilities	1,397,947	208,486	(282)	1,606,151
Long-term debt, net of current portion	2,505,990	113,038	(247)	2,618,781
Other noncurrent liabilities	5,223,766	80,994		5,304,760
Total liabilities	**9,127,703**	**402,518**	**(529)**	**9,529,692**
Total deferred inflows of resources	**901,816**	**59,833**	**(451)**	**961,198**
Net investment in capital assets	1,578,576	342,152	76	1,920,804
Restricted: Nonexpendable endowments and gifts		34,344		34,344
Restricted: Expendable	27,233	72,445		99,678
Unrestricted	(3,056,193)	319,098	(76)	(2,737,171)
Total net position	**($1,450,384)**	**$768,039**		**($682,345)**

Table 14.2b: Condensed statement of revenues, expenses and changes in net position for the year ended June 30, 2023
(in thousands of dollars)

Description	UCSF *(Primary Government)*	CHRCO	Eliminations	San Francisco Total
Net patient service revenue	$5,769,261	$687,912	($23,038)	$6,434,135
Grants and contracts		4,085		4,085
Other operating revenue	348,265	32,626		380,891
Operating expenses before depreciation	(5,997,911)	(706,191)		(6,704,102)
Depreciation expense	(188,654)	(33,637)	246	(222,045)
Operating loss	**(69,039)**	**(15,205)**	**(22,792)**	**(107,036)**
Nonoperating revenues, net	(40,411)	31,760	(246)	(8,897)
Income (loss) before other changes in net position	**(109,450)**	**16,555**	**(23,038)**	**(115,933)**
Other, including donated assets	(187,041)	2,368	23,038	(161,635)
Change in net position	**(296,491)**	**18,923**		**(277,568)**
Net position: Beginning of year	(1,153,893)	749,116		(404,777)
Net position: End of year	**($1,450,384)**	**$768,039**		**($682,345)**

Table 14.3b: Condensed statement of cash flows for the year ended June 30, 2023 *(in thousands of dollars)*

Description	UCSF *(Primary Government)*	CHRCO	Eliminations	San Francisco Total
Net cash provided (used) by:				
Operating activities	$546,045	$26,950	($23,302)	$549,693
Noncapital financing activities	(144,404)	20,840	23,037	(100,527)
Capital and related financing activities	(631,046)	(58,167)	265	(688,948)
Investing activities	179,960	3,472		183,432
Net change in cash and cash equivalents	**(49,445)**	**(6,905)**		**(56,350)**
Cash and cash equivalents: Beginning of year	2,143,108	203,521		2,346,629
Cash and cash equivalents: End of year	**$2,093,663**	**$196,616**		**$2,290,279**

15. Commitments and Contingencies

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to periodic governmental review, interpretation and audits, as well as regulatory actions unknown and unasserted at this time.

The Medical Centers are contingently liable in connection with certain claims and contracts, including those currently in litigation, arising out of the normal course of their activities. Management and General Counsel are of the opinion that the outcome of such matters will not have a material effect on the Medical Centers' financial position.

The Medical Centers have entered into various construction contracts. The estimated remaining costs of the Medical Center projects, excluding interest, at June 30, 2024 are presented in **Table 15**.

Table 15: Construction contracts *(in thousands of dollars)*

Location	Total
Davis	$2,466,660
Irvine	213,196
Los Angeles	221,167
San Diego	114,777
San Francisco	838,817
Total	**$3,854,617**

Under an agreement with a private, nonprofit hospital, UCSF Medical Center committed to provide $90.0 million in aggregate capital investments through a series of newly formed joint ventures with the hospital over the course of the initial 10 years of the agreement. At June 30, 2024, UCSF Medical Center deposited $30.0 million to a designated bank account for this purpose with the amount reported as prepaid expenses and other assets. An additional service agreement was signed for UCSF Medical Center to operate certain outpatient clinics whose sole corporate member is the same nonprofit hospital.

16. Subsequent Events

In July 2024, General Revenue bonds totaling $748.7 million were issued to finance the acquisition and construction of certain facilities at UCI Medical Center. The fixed-rate tax-exempt bonds of $498.7 million mature in 2031 and have a stated weighted average interest rate of 5.0 percent. The interest rate will reset weekly for the variable rate demand bonds of $250.0 million and mature in 2054. The deferred premium of $38.9 million will be amortized as a reduction to interest expense over the term of the bonds.

In August 2024, the Regents, on behalf of UCSF Medical Center, effected an affiliation agreement with CommonSpirit Health and its affiliates. Under the agreement, the Regents, through UCSF Medical Center, became the sole member of UCSF Health Community Hospitals, a private, not-for-profit section 501(c)(3) corporation. UCSF Health Community Hospitals owns UCSF Health Saint Francis Hospital, a 277-licensed bed general acute care hospital, UCSF Health St. Mary's Hospital, a 267-licensed bed general acute care hospital and related assets. The preliminary cash consideration associated with the purchase was $69.5 million. The purpose of the acquisition is to address hospital inpatient capacity needs and ensure these longstanding San Francisco hospitals continue to serve the local community. In fiscal year 2025, UCSF Medical Center's financial statements will include UCSF Health Community Hospitals, which represent a blended component unit of the University of California.

Required Supplementary Information

(Unaudited)

UCRP

UCRP RSI Table 1 presents the Medical Centers' proportionate share of UCRP's net pension liability for the past 10 years.

UCRP RSI Table 1: At June 30 *(in thousands of dollars)*

Description	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Davis					
2024	7.8%	$1,344,486	$1,294,944	103.8%	84.9%
2023	7.8	1,529,126	1,159,655	131.9	81.2
2022	7.6	1,527,815	1,026,636	148.8	79.3
2021	7.1	472,294	914,099	51.7	93.9
2020	6.7	1,368,556	854,960	160.1	76.6
2019	6.7	1,151,862	793,442	145.2	79.5
2018	6.8	643,552	791,832	81.3	87.2
2017	6.7	675,141	732,307	92.2	85.2
2016	6.6	895,967	682,784	131.2	78.3
2015	6.5	627,561	635,120	98.8	83.8
Irvine					
2024	5.3%	$923,324	$656,512	140.6%	84.9%
2023	3.4	667,084	505,902	131.9	81.2
2022	3.3	670,850	450,787	148.8	79.3
2021	3.2	215,278	416,658	51.7	93.9
2020	3.1	632,665	395,237	160.1	76.6
2019	3.0	519,523	357,866	145.2	79.5
2018	3.0	279,015	343,303	81.3	87.2
2017	3.2	321,946	349,207	92.2	85.2
2016	3.2	438,524	334,184	131.2	78.3
2015	3.2	308,211	311,924	98.8	83.8
Los Angeles					
2024	6.9%	$1,194,585	$1,135,462	105.2%	84.9%
2023	7.0	1,374,737	1,042,570	131.9	81.2
2022	7.1	1,430,028	960,926	148.8	79.3
2021	7.2	478,616	926,335	51.7	93.9
2020	7.1	1,451,711	906,908	160.1	76.6
2019	7.2	1,245,807	858,155	145.2	79.5
2018	7.5	706,286	869,020	81.3	87.2
2017	7.3	741,290	804,058	92.2	85.2
2016	7.3	990,520	754,840	131.2	78.3
2015	7.2	697,260	705,659	98.8	83.8

UCRP RSI Table 1: At June 30 *(in thousands of dollars) (continued)*

Description	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
San Diego					
2024	5.9%	$1,024,015	$939,432	109.0%	84.9%
2023	5.5	1,078,132	817,631	131.9	81.2
2022	5.5	1,108,138	744,628	148.8	79.3
2021	5.3	353,179	683,559	51.7	93.9
2020	5.1	1,048,715	655,150	160.1	76.6
2019	4.9	844,319	581,596	145.2	79.5
2018	4.9	460,577	566,698	81.3	87.2
2017	4.5	459,781	498,712	92.2	85.2
2016	4.1	564,996	430,563	131.2	78.3
2015	4.0	385,387	390,029	98.8	83.8
San Francisco					
2024	10.4%	$1,800,362	$1,734,021	103.8%	84.9%
2023	11.1	2,164,448	1,641,469	131.9	81.2
2022	10.8	2,175,275	1,461,705	148.8	79.3
2021	10.3	688,043	1,331,669	51.7	93.9
2020	9.9	2,022,619	1,263,564	160.1	76.6
2019	9.6	1,643,970	1,132,424	145.2	79.5
2018	9.4	886,409	1,090,645	81.3	87.2
2017	9.1	919,943	997,838	92.2	85.2
2016	8.6	1,171,002	892,379	131.2	78.3
2015	8.1	777,948	787,319	98.8	83.8
Total					
2024	36.3%	$6,286,772	$5,760,371	109.1%	84.9%
2023	34.8	6,813,527	5,167,227	131.9	81.2
2022	34.3	6,912,106	4,644,682	148.8	79.3
2021	33.1	2,207,410	4,272,320	51.7	93.9
2020	31.9	6,524,266	4,075,819	160.1	76.6
2019	31.4	5,405,481	3,723,483	145.2	79.5
2018	31.6	2,975,839	3,661,498	81.3	87.2
2017	30.8	3,118,101	3,382,122	92.2	85.2
2016	29.8	4,061,009	3,094,750	131.2	78.3
2015	29.0	2,796,367	2,830,051	98.8	83.8

Notes to Required Supplementary Information for the Year Ended June 30, 2024

Changes of benefit terms. UCRP was amended during the fiscal year ended June 30, 2023 to provide a one-time cost-of-living adjustment (ad hoc COLA) to a cohort of retirees. There were no changes to the size or composition of the covered population in any of the fiscal years in the 10-year period ended June 30, 2023, that significantly affected the total pension liability.

Changes in assumptions. Actuarial assumptions were changed three times during the ten-year period ended June 30, 2023, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent. Amounts reported in 2015 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.50 percent to 7.25 percent.

CHRCO Pension Plan

CHRCO RSI Tables 1a and **1b** show the schedule of changes in the net pension liability for the CHRCO Pension Plan as of June 30 for the past 10 years.

CHRCO RSI Table 1a: Changes in net pension liability, 2020-2024 *(in thousands of dollars)*

Description	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$14,012	$14,159	$15,775	$14,873	$12,648
Interest on the total pension liability	45,927	44,522	42,159	38,932	36,005
Changes of benefit terms	3,805				
Difference between expected and actual experience	23,722	6,851	1,058	18,527	23,581
Changes of assumptions or other inputs	(6,149)	(23,590)	(22,525)	(2,413)	28,609
Benefits paid, including refunds of employee contributions	(65,531)	(25,027)	(22,683)	(19,684)	(17,262)
Net change in total pension liability	**15,786**	**16,915**	**13,784**	**50,235**	**83,581**
Total pension liability, beginning of year	674,850	657,935	644,151	593,916	510,335
Total pension liability, end of year	**$690,636**	**$674,850**	**$657,935**	**$644,151**	**$593,916**
Plan net position					
Contributions, employer	$46,500	$41,400	$37,452	$31,752	$31,200
Net investment income	90,743	73,339	(94,275)	111,835	(7,468)
Benefits paid, including refunds of employee contributions	(65,531)	(25,027)	(22,683)	(19,684)	(17,262)
Administrative expense	(4,979)	(4,073)	(4,062)	(3,600)	(3,598)
Net change in plan net position	**66,733**	**85,639**	**(83,568)**	**120,303**	**2,872**
Plan net position, beginning of year	623,856	538,217	621,785	501,482	498,610
Plan net position, end of year	**690,589**	**623,856**	**538,217**	**621,785**	**501,482**
Net pension liability, end of year	**$47**	**$50,994**	**$119,718**	**$22,366**	**$92,434**

CHRCO RSI Table 1b: Changes in net pension liability, 2015-2019 *(in thousands of dollars)*

Description	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$11,430	$11,304	$9,910	$10,410	$9,448
Interest on the total pension liability	34,165	31,854	29,672	27,782	24,683
Changes of benefit terms		92	33	24	40
Difference between expected and actual experience	5,214	3,609	2,442	(3,690)	762
Changes of assumptions or other inputs	(9,540)			3,613	33,105
Benefits paid, including refunds of employee contributions	(15,143)	(12,802)	(11,767)	(9,509)	(8,082)
Net change in total pension liability	**26,126**	**34,057**	**30,290**	**28,630**	**59,956**
Total pension liability, beginning of year	484,209	450,152	419,862	391,232	331,276
Total pension liability, end of year	**$510,335**	**$484,209**	**$450,152**	**$419,862**	**$391,232**
Plan net position					
Contributions, employer	$31,200	$33,600	$28,800	$24,000	$18,000
Net investment income	25,203	33,269	41,256	214	11,797
Benefits paid, including refunds of employee contributions	(15,143)	(12,802)	(11,767)	(9,509)	(8,082)
Administrative expense	(2,711)	(3,014)	(2,727)	(1,816)	(1,222)
Net change in plan net position	**38,549**	**51,053**	**55,562**	**12,889**	**20,493**
Plan net position, beginning of year	460,061	409,008	353,446	340,557	320,064
Plan net position, end of year	**498,610**	**460,061**	**409,008**	**353,446**	**340,557**
Net pension liability, end of year	**$11,725**	**$24,148**	**$41,144**	**$66,416**	**$50,675**

CHRCO RSI Table 2a and **Table 2b** present the net pension liability of the CHRCO pension plan in the past 10 years.

CHRCO RSI Table 2a: Net pension liability of the CHRCO pension plan, 2020-2024 *(in thousands of dollars)*

Description	2024	2023	2022	2021	2020
Total pension liability	$690,636	$674,850	$657,935	$644,151	$593,916
Plan net position	690,589	623,856	538,217	621,785	501,482
Net pension liability	**$47**	**$50,994**	**$119,718**	**$22,366**	**$92,434**
Ratio of plan net position to total pension liability	100.0%	92.4%	81.8%	96.5%	84.4%
Covered payroll	$245,944	$224,898	$214,184	$220,208	$209,596
Net pension liability as a percentage of covered payroll	0%	22.7%	55.9%	10.2%	44.1%

CHRCO RSI Table 2b: Net pension liability of the CHRCO pension plan, 2015-2019 *(in thousands of dollars)*

Description	2019	2018	2017	2016	2015
Total pension liability	$510,335	$484,209	$450,152	$419,862	$391,232
Plan net position	498,610	460,061	409,008	353,446	340,557
Net pension liability	**$11,725**	**$24,148**	**$41,144**	**$66,416**	**$50,675**
Ratio of plan net position to total pension liability	97.7%	95.0%	90.9%	84.2%	87.0%
Covered payroll	$190,599	$187,639	$184,083	$165,672	$177,986
Net pension liability as a percentage of covered payroll	6.2%	12.9%	22.4%	40.1%	28.5%

CHRCO RSI Table 3a and **Table 3b** present employer contributions to the CHRCO pension plan as of June 30 in the past 10 years.

CHRCO RSI Table 3a: Employer contributions to the CHRCO pension plan, 2020-2024 *(in thousands of dollars)*

Description	2024	2023	2022	2021	2020
Actuarially calculated employer contributions	$34,660	$17,990	$11,050	$15,270	$22,070
Contributions in relation to the actuarially calculated employer contribution	46,500	41,400	37,452	31,752	31,200
Annual contribution (excess) deficiency	**($11,840)**	**($23,410)**	**($26,402)**	**($16,482)**	**($9,130)**
Covered payroll	$245,944	$224,898	$214,184	$220,208	$209,596
Actual contributions as a percentage of covered payroll	18.9%	18.4%	17.5%	14.4%	14.9%

CHRCO RSI Table 3b: Employer contributions to the CHRCO pension plan, 2015-2019 *(in thousands of dollars)*

Description	2019	2018	2017	2016	2015
Actuarially calculated employer contributions	$17,870	$7,710	$5,642	$7,823	$12,239
Contributions in relation to the actuarially calculated employer contribution	31,200	33,600	28,800	24,000	18,000
Annual contribution (excess) deficiency	**($13,330)**	**($25,890)**	**($23,158)**	**($16,177)**	**($5,761)**
Covered payroll	$190,599	$187,639	$184,083	$165,672	$177,986
Actual contributions as a percentage of covered payroll	16.4%	17.9%	15.6%	14.5%	10.1%

CHRCO RSI Table 4: Methods and assumptions used to determine contribution rates

Methods and Assumptions	Description
Valuation date	Actuarially calculated contributions are calculated as of January 1 of the fiscal year (for the Represented Plan) and as of July 1 of the beginning of the fiscal year (for the Unrepresented Plan) in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. The contributions reflect the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2020 and after reflects the American Rescue Plan Act of 2021 (ARPA).
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method
Amortization method	Level dollar, closed amortization over a 15-year period from the valuation date as specified under PPA
Remaining amortization period	15 years for changes in unfunded liabilities that occur each valuation date
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The two-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	3.0%
Investment rate of return	7.00% (limited to the 3rd segment rate applicable for each year) for the Represented Plan 6.75% (limited to the 3rd segment rate applicable for each year) for the Unrepresented Plan
Projected salary increases	Represented employees: 4.50% for FYE 2024 and FYE 2025, 4.2% for FYE 2026 and 3.5% for FYE 2027 annually thereafter Unrepresented employees: 4.00% for FYE 2023, 4.5% for FYE 2024, 4.00% for FYE 2025 and 3.5% for FYE 2026 annually thereafter Salary increase assumption includes inflation
Cost-of-living adjustments	N/A
Mortality	IRS generational mortality table prescribed for the valuation year
Remarks	Note that the above assumptions are for the 2024 plan year for the Represented Plan and 2023 plan year for the Unrepresented Plan. For the Represented Plan, the 2024 plan year assumptions are those stated in the 2024 Actuarial Valuation Report for the Represented Plan. For the Unrepresented Plan, the 2023 plan year assumptions are those stated in the 2023 Actuarial Valuation Report for the Unrepresented Plan.

OCERS

OCERS RSI Table 1 shows Irvine's proportionate share of OCERS' net pension liability for which data is available:

OCERS RSI Table 1: At June 30 *(in thousands of dollars)*

Description	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.3%	$13,278			71.8%
2023	0.3	14,657			69.6
2022	0.4	8,567			82.7
2021	0.3	12,669			75.3
2020	0.3	15,107			71.6
2019	0.3	17,404			67.9
2018	0.3	13,822	$15	92,146.7%	75.1
2017	0.3	18,057	44	41,038.6	69.0
2016	0.3	18,092	285	6,347.5	69.5

Retiree Health Benefits

Retiree Health Benefits RSI Table 1 shows the Medical Centers' proportionate share of UCRHBT's net retiree health benefits liability.

Retiree Health Benefits RSI Table 1: At June 30 *(in thousands of dollars)*

Description	Proportion of the net retiree health benefits liability	Proportionate share of the net retiree health benefits liability	Covered payroll	Proportionate share of the net retiree health benefits liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total retiree health benefits liability
Davis					
2024	7.4%	$1,495,319	$1,397,892	107.0%	1.1%
2023	7.5	1,621,188	1,246,816	130.0	0.9
2022	7.3	1,429,502	1,099,068	130.1	0.9
2021	7.0	1,705,269	957,674	178.1	0.7
2020	6.6	1,534,830	868,923	176.6	0.7
2019	6.6	1,268,189	816,000	155.4	0.8
2018	6.7	1,215,567	804,821	151.0	0.7
2017	6.6	1,227,803	735,904	166.8	0.6
2016	6.6	1,385,392	682,784	202.9	0.3
2015	6.5	1,174,370	635,120	184.9	0.3
Irvine					
2024	5.2%	$1,050,984	$708,655	148.3%	1.1%
2023	3.2	702,471	540,269	130.0	0.9
2022	3.2	623,548	479,449	130.1	0.9
2021	3.2	775,408	435,426	178.1	0.7
2020	3.1	713,600	404,077	176.6	0.7
2019	3.0	572,706	368,444	155.4	0.8
2018	3.0	548,548	363,214	151.0	0.7
2017	3.1	574,394	344,334	166.8	0.6
2016	3.2	678,034	334,184	202.9	0.3
2015	3.2	576,719	311,924	184.9	0.3

Retiree Health Benefits RSI Table 1: At June 30 *(in thousands of dollars) (continued)*

Description	Proportion of the net retiree health benefits liability	Proportionate share of the net retiree health benefits liability	Covered payroll	Proportionate share of the net retiree health benefits liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total retiree health benefits liability
Los Angeles					
2024	6.6%	$1,343,961	$1,220,045	110.2%	1.1%
2023	6.7	1,448,495	1,113,991	130.0	0.9
2022	6.8	1,338,495	1,029,110	130.1	0.9
2021	7.1	1,723,183	967,713	178.1	0.7
2020	7.0	1,623,943	919,462	176.6	0.7
2019	7.1	1,358,829	874,296	155.4	0.8
2018	7.7	1,404,685	930,071	151.0	0.7
2017	7.6	1,422,069	852,389	166.8	0.6
2016	7.3	1,531,589	754,840	202.9	0.3
2015	7.2	1,304,836	705,659	184.9	0.3
San Diego					
2024	5.6%	$1,139,851	$1,008,027	113.1%	1.1%
2023	5.2	1,133,878	872,152	130.0	0.9
2022	5.3	1,028,874	791,102	130.1	0.9
2021	5.3	1,271,447	714,031	178.1	0.7
2020	5.2	1,193,191	675,577	176.6	0.7
2019	4.8	932,379	599,852	155.4	0.8
2018	4.8	867,819	574,571	151.0	0.7
2017	4.5	835,720	500,922	166.8	0.6
2016	4.1	873,597	430,563	202.9	0.3
2015	4.0	721,260	390,029	184.9	0.3
San Francisco					
2024	9.9%	$2,018,376	$1,886,816	107.0%	1.1%
2023	10.7	2,324,959	1,788,161	130.0	0.9
2022	10.4	2,041,112	1,569,364	130.1	0.9
2021	10.3	2,493,992	1,400,659	178.1	0.7
2020	10.6	2,463,690	1,394,885	176.6	0.7
2019	10.1	1,945,198	1,251,556	155.4	0.8
2018	9.8	1,789,855	1,185,071	151.0	0.7
2017	9.5	1,777,540	1,065,427	166.8	0.6
2016	8.6	1,810,693	892,379	202.9	0.3
2015	8.1	1,455,873	787,319	184.9	0.3
Total					
2024	34.7%	$7,048,491	$6,221,435	113.3%	1.1%
2023	33.3	7,230,991	5,561,389	130.0	0.9
2022	33.0	6,461,531	4,968,093	130.1	0.9
2021	32.9	7,969,299	4,475,503	178.1	0.7
2020	32.5	7,529,254	4,262,924	176.6	0.7
2019	31.6	6,077,301	3,910,148	155.4	0.8
2018	32.0	5,826,474	3,857,748	151.0	0.7
2017	31.3	5,837,526	3,498,976	166.8	0.6
2016	29.8	6,279,305	3,094,750	202.9	0.3
2015	29.0	5,233,058	2,830,051	184.9	0.3

Retiree Health Benefits RSI Table 2

Notes to schedule	Description
Changes of benefit terms	In 2019, University contributions for retirees age 65 and older not eligible for Medicare were reduced to levels comparable to Medicare-eligible retirees over a three-year period.
Changes in assumptions or other inputs	Changes in assumptions or other inputs primarily reflect the effects of changes in the discount rate and health care cost trend rate in each period. The following are the health care cost trend assumptions used in each period:

As of June 30	Health care cost trend rate
2024	0.2% to 20.5% decreasing to 3.9% in 2076
2023	(3.1%) to 29.1% decreasing to 3.9% in 2075
2022	1.4% to 14.6% decreasing to 3.9% in 2075
2021	2.7% to 7.5% decreasing to 4.0% in 2075
2020	2.7% to 9.0% decreasing to 4.0% in 2076
2019	4.4% to 9.4% decreasing to 4.0% in 2077
2018	5.0% to 9.3% decreasing to 5.0% in 2033
2017	5.0% to 9.5% decreasing to 5.0% in 2032
2016	6.3% to 9.0% decreasing to 5.0% in 2031
2015	6.6% to 10.0% decreasing to 5.0% in 2030

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